



**12th High Level Round Table Meeting
Vientiane, Lao PDR
27th November 2015**

Background Document

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Chapter 1 - Introduction

1.1 About Round Table Process

1. The Round Table Process (RTP) is a national aid coordination mechanism established since 1983 with support from UNDP and the Government of Luxembourg in recent years. It presents a unique platform for policy dialogue to promote collaboration, coordination and mutual understanding between the Government of Lao PDR and Development Partners (DPs). The process stimulates substantive dialogue on the country's development agenda, while strengthens development effectiveness and aid coordination in the country. The process is chaired by the Government of Lao PDR and co-chaired by the UN Resident Coordinator/UNDP Resident Representative.

2. The principle Round Table mechanism includes High Level Round Table Meetings (RTMs) held every three years. In the 2014, the Government of Lao PDR has decided to organise a High Level Round Table Meeting every five years in order to align the Round Table Process with the medium term national planning cycle “the Five Years National Socio-Economic Development Plan (NSEDP) timeframe”. Round Table Implementation Meetings (RTIMs) will be organized as a provincial consultation. In addition, Sector Working Groups (SWGs) are also part of the Round Table mechanism.

3. Since 1983, Lao PDR organized 11 High Level Round Table Meetings (RTMs) (5 in country since 2000 and 6 of them in Geneva from 1983 till 1999). In 2005, the RTIM mechanism was introduced and the first RTIM was organized in Vientiane as part of the formulation of the 6th five-year plan -National Socio-Economic Development Plan (NSEDP 2006-2010). Since then, 8 RTIMs were organized in Vientiane (the last RTIM was organized in 2014). At the 2005 RTIM, the Government of Lao PDR also announced to establish Sector Working Groups (SWGs) mechanism that is led by the Government and would build on the donor working groups that were established in December 2003. Prior to the policy dialogue held in the Vientiane capital, during the RTM/RTIM, a provincial consultation meeting has been held since 2008.

4. In recent years, the Round Table Process has evolved from one-off event to an increasingly continuous and inclusive process, which aims to facilitate an increased mutual understanding and consensus between the Government and DPs with respect to development policies and strategies, and to improve coordination and cooperation regarding Official Development Assistance (ODA) to Lao PDR. Traditionally, the RTMs were perceived as a forum between the national Government and DPs. However, an important evolution is the active participation and contribution of provincial authorities and other development stakeholders including civil society and private sector to ensure the national policy dialogue reflects what is actually happening on the ground and in line with national development plans. In broad terms, since the localization of the RTP in 2000, the ability of the partnership can be characterized as having developed as per figure 1 below:

Figure 1 – The evolution of the Round Table Process (the objectives of the Round Table Process since the localization in 2000)

The ability of partnership to mobilize resources	The ability of partnership to advocate for important issues	The ability of partnership to share knowledge	The ability of partnership to engage in policy dialogue and create systemic change
RTP (2000-2006) - 5 th NSEDP and Aid Coordination			
RTP (2007-2010) - 6 th NSEDP & Vientiane Declaration on Aid Effectiveness (Aid Coordination)			
RTP (2011-2015) - 7 th NSEDP & Vientiane Declaration on Aid Effectiveness (Aid Coordination)			
RTP (2016-2025) - 8 th NSEDP & Vientiane Declaration on Partnership for Effective Development Cooperation (Development Cooperation)			

5. In light of the RTP evolution and the paradigm shifting from aid coordination to development cooperation, looking at the performance of the RTP and SWG mechanism is vital to inform how the ability of partnership under the Round Table Process can best support the country to stand its best chance of delivering on the 8th NSEDP goals and targets. One of its most immediate and pressing tests is to ensure that the SWG’s make a significant contribution to policy dialogue within the framework of the Round Table Process and to the practical implementation of the priorities for which they are responsible within the 8th Plan.

1.2 From aid effectiveness to effective development cooperation

6. In 2006, to set a framework entailing principles as per the Paris Declaration to ensure the effectiveness of Official Development Assistance (ODA), the Government of Lao PDR and 22 Development Partners signed the Vientiane Declaration on Aid Effectiveness in November during the 9th High Level Round Table Meeting. It has subsequently been signed by an additional three development.

7. Similar to the Paris Declaration on Aid Effectiveness, but with a specific focus on the Lao PDR, the Vientiane Declaration aims to improve the effectiveness of aid based on the five key principles: Country Ownership, Alignment, Harmonisation, Managing for Results and Mutual Accountability.

8. In 2015, the current Vientiane Declaration on Aid Effectiveness (VD I) is under a revision with active participations of both national and international stakeholders. The updated VD I is now called “Vientiane Declaration on Partnership for Effective Development Cooperation” or VD II in short. This is the next phase in the development of the partnership – paradigm shifting from aid coordination to effective development cooperation.

9. The move from VDI to VDII reflects the rapidly evolving global and regional context, the importance being placed on both existing and a diversity of new development partners and resources that need to be mobilized for implementing the post-2015 development agenda in Lao PDR (Financing for Development requires more than ODA and it includes various sources of finance which are important for sustainable growth).

1.3 The 12th High Level Round Table Meeting – 2015 (12th HL RTM)

10. With the in-country RTP evolution for the past 15 years and the paradigm shifting from aid coordination to effective development cooperation, the 12th High Level Round Table Meeting to be organised on 27th November 2015 is held at a critical juncture in the transition to the new development agenda at both global and country levels, as the 8th National Socio-Economic Development Plan (NSEDP 2016-2020) of the Lao PDR is currently being finalized by focusing on graduating the country from the status of Least Developed Countries. The 8th NSEDP formulation process coincides also with the conclusion of MDGs and the roll out of the post-2015 development agenda “*Sustainable Development Goals*” which was recently adopted at the UN General Assembly in September 2015.

11. For this reason, the 2015 High-Level Round Table Meeting provides an important opportunity for the Government of Lao PDR and its development partners and other stakeholders to discuss ways and means for the implementation of the 8th NSEDP, particularly the need to enhance partnership for effective development cooperation. The Vientiane Declaration on Partnership for Effective Development Cooperation will be signed with the Government of Lao PDR and its Development Partners during the 12th High Level Round Table Meeting.

1.4 The 12th HL RTM Background Document

12. To provide the 12th HL RTM participants some background and contents of key policy issues, this Background Document is prepared and structured around the 12th HL RTM agenda with a reference to the follow up from the previous year RTMs/RTIMs recommendations. The production of this Document reflects and it is mainly based on the contributions of relevant line Ministries (LMs) and all Sector Working Groups (SWGs) who provided sectoral progress reports based on the 2015 HL RTM guideline shared with them on 20th May 2015. Follow up meetings with relevant SWGs were also organized from August to October to brief about the structure of this Background Documents and inputs required and to response to any questions that SWGs might have over the Document.

13. All sectoral progress reports submitted by SWGs capture three broad matters which are mainly relating to the follow up of the 2013 RTM and 2014 RTIM recommendations. First, most SWGs report on key results of their sectors. Second, SWGs also highlight actions and progress for the implementation of the previous year RTM and RTIM. Third, challenges and opportunities including key issues needed special attention are also reported by SWGs.

14. This Background Document has four Chapters. After this introduction, Chapter 2 provides a brief summary of achievements and challenges of 7th NSEDP (2011-2015). Chapter 3 highlights an executive summary of the 8th NSEDP (2016-2020). Finally, Chapter 4 provides an update on the implementation of the 2013 RTM and 2014 RTIM recommendations.

15. Please note that all information and figures highlighted in this Background Document cover Lao financial year (FY) – 1st October in one year to 30th September in the next year.

Chapter 2 – A Brief Summary of Achievements and Challenges of the 7th National Socio-Economic Development Plan (7th NSEDP 2011-2015)

2.1 Overall macro-economic achievements and challenges

16. Under the 7th NSEDP framework, the economy continues to grow at an average of at least 7.94% per year. The growth has been fuelled by a vibrant resource sector, continued FDI-financed investment and gradual improvements in the macroeconomic framework. A number of performance targets as stated in the 7th NSEDP have been achieved despite the unstable outlook of the global economic. The society has maintained security and order, and people's livelihoods have gradually been enhanced [Following texts under this section address Discussion Points 1 to 4 of 2014 RTIM].

2.1.1 Economic growth

17. The major source of the growth is service sector (wholesale and retail trade, tourism, transportation and telecommunication), the industrial sector in particular extractive industries, construction, food and non-food processing and agriculture. Please refer to Table 1 for more detailed information.

Table 1: Key macro-economic achievements and targets

Macro-economic indicators	7 th NSEDP's targets	FY 2010/2011	FY 2011/2012	FY 2012/2013	FY 2013/2014	FY 2014/2015 (Est)
GDP per capita (Plan)		\$1,217 (\$1,155)	\$1,349 (\$1,332)	\$1,534 (\$1,520)	\$1,671 (\$1,674)	\$1,857 (\$1,860)
GDP growth rate	>8%	8.1%	8.3%	8%	7.8%	7.5%
- Agriculture	3.5%	2.9%	2.8%	3.1%	3%	3.0%
- Industry	15%	15.8%	14.4%	7.4%	8.5%	8.9%
- Services	6.5%	7.8%	8.1%	9.7%	9.3%	9.1%
Budget deficit		2.70%	2.56%	5.5%	4.9%	4.4%
- Revenue collection (% of GDP)		22.91%	24.54%	27.20%	22.86%	24%
- Budget expenditure (% of GDP)		25.61%	27.10%	32.7%	27.76%	28.4%
Exchange rate Kip/USD		8,037.49	8,010.73	7,867.92	8,024.63	8,065.63
Inflation rate	Less than GDP growth (%)	7.42%	5.12%	5.64%	5.16%	1.68%

Source: Ministry of Planning and Investment (Department of Planning) and Ministry of Finance (Department of Fiscal Policy)

18. Changes in the structure of the economy moving from agriculture to industry have been in line with the direction specified under the 7th NSEDP framework. On average, agriculture sector contributes 23.0%, industry 39% and services 38% of GDP. Some detailed information on the structure of the economy is highlighted in Table 2.

Table 2 - Changes of Economic Structure in Each Fiscal Year compared with the 7thNSED P Targets

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 (Estimated)
Amount of GDP at present value (in million Kip)	62,458	70,343	80,199	90,823	102,320
<u>Composition (%)</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
- Agriculture-Forestry (%)	27.9	26.7	25.2	24.8	23.7
- Industry (%)	26.9	29.6	28.0	27.5	29.1
- Service (%)	45.2	43.7	46.8	47.7	47.2

Source: NSED P 2011-2015 and estimation by the Lao Statistics Bureau

19. With the structure changes, it is worth to note that the natural resource sector is a key fact which drives the economic growth, with 25% of overall growth from mining and hydropower. In addition, another factor that contributed to GDP growth during the period is private domestic and foreign investments on mega projects which mainly are in natural resource sectors, covering 57% of total investment.

20. Total investment (government budget, grants-loans, domestic-foreign private investments and bank credits) amounted to 236,687.96 billion LAK (around USD 29.58 billion) which covered 186% of the 7thNSED P target (127,000 billion LAK), of which the total investment increased from 26,483.93 billion kip covering 42% of GDP in FY2010-2011 to 36,327.07 billion kip, covering 52% of GDP in FY2011-2012, 45,179.64 billion kip in FY2012-2013 and 98,007.32 billion kip in FY2013-2014, covering 107.9% and FY 2014-15 estimating at 30,690 billion kip covering 30% of GDP. By 2015, breakdown of the investment is:

- Government investment was around 12,892.76 billion kip, or 96% of the 5 year plan
- Grant-Loan (ODA) investment was about 28,858 billion kip or 92% of the 5 year plan
- Domestic and foreign private investment was about 154,798.10 billion kip, or 229% of the 5 year plan
- Bank credit investment was about 40,139.10 billion kip or 297% of the 5 year plan.

21. During the 7th NSED P implementation period, the Government has also provided a stimulate package to mitigate the impacts of natural disaster impacts at provincial level to maintain the level of economic development and to continuously address poverty reduction. This has resulted in a gradual increase in public investment from 1,753.23 billion Kip (around USD 219.15 million), covering 6.62% of the total investment in FY2010-2011 to 2,139.07 billion kip, covering 5.89% in FY2011-2012, 2,939.64 billion kip, covering 6.51% in FY2012-2013 and 2,760.82 billion kip in FY 2013-14, covering 2.82% and it is estimated 3,300 billion kip, covering 10.75% in FY 2014-15.

22. For the past five years, public investment is approximately valued at 12,892.76 billion kip (around \$1,611.5 million), covering 5.45% of the total investment and equivalent to 96% of the 5-year plan target (5-year plan target is 12,000-15,000 billion kip or 12-15% of the total investment). Breakdown of the public investment includes:

- Economic area covered 30% of the total investment
- Social area covered 35%; while Education sector and Health sector covered 10-12% (17% - plan) and 9% of the total investment respectively.
- Road and office building construction covered 35%; while road construction covered 28% and office building covered 7% of the total investment.

23. The Government has also been working with development partners to mobilise support for the implementation of the 7th NSEDP. Despite the global financial crisis, during the 10th High Level Round Table Meeting in November 2010, development partners had expressed their strong commitments to support Lao PDR. According to the latest information, Lao PDR was able to mobilise Official Development Assistance (ODA) of 28,858 billion kip or about USD 3,607.3 million (92% of the plan target - the 7th NSEDP set the target of 33,000 – 35,000 billion kip or 24-26% of total investment). The allocation of grants and loans (ODA) has mainly been focusing on some key socio-economic sectors such as:

- Grants have been allocated for the development of social and cultural sectors to achieve the Millennium Development Goals (MDG).
- Loans focused on the development of economic sector and infrastructure such as energy-mining, agriculture and forestry, public work and transportation.

24. In term of domestic and foreign private investment, the Government has put great efforts to create an enabling environment for investors. A highlight is the opening of the one-door investment service since 01 October 2011, which helps facilitate fast and transparent investment. With this, a website has been launched to allow the public and investors to gain an easy access to investment information. During the 7th implementation, the domestic and foreign private investment was 154,798.10 billion kip or about USD 17,413.10 million, equivalent to 229% of the plan target (the 7thNSEDP target is 64,000-71,000 billion kip or 50-56% of total investment). Private investment was on the increasing trend.

- 15,348.70 billion kip (or about USD 1,918.59 million, accounting for 57.95% of the total investment) in FY2010-2011
- 21,520 billion kip (or about USD 2,690 million, accounting for 59.24% of the total investment) in FY2011-2012,
- 24,388 billion kip (or about USD 3,048.52 million, accounting for 53.98% of the total investment) in FY2012-2013,
- 77,930.40 billion kip (or USD 9,723.58 million, covering 79.51% of total investment) in FY2013-2014 and
- 15,611 billion kip or USD 1,951.37 million, covering 50.87% of total investment in FY2014-2015.

25. The domestic and foreign private investment focuses mainly on energy/mining, services and agriculture sector. For the agriculture sector investment is mainly in corn promotion project, sugarcane, rubber tree and other industrial tree plantations, and coffee-tea plantations for export. Energy sector investments include hydropower projects and investments in mining include bauxite mines, establishment of processing factories for alumina and aluminum for both the domestic market and for exports, gold and other minerals mining and processing for domestic and export markets. For services, investments include hotels, villas, golf course, shopping malls, apartments, resorts, conferences, sport centers, and comprehensive telecommunication service projects.

26. For the bank credits, the Bank of Lao PDR has carried out policies and regulations to enable commercial banks to approve loans with low cost. Loan products have been developed continuously where different types of credits have been issued for various clients' groups. In addition, commercial banks have been providing credits within strengthen regulations and procedures and lending consideration is to enable an easy access to funding sources while enhancing quality loans and avoiding Non-Performing Loans (NPL's level should not be more than 3%). The credits by the Bank of Lao PDR to infrastructure projects and other long-term projects has also been reduced and put on hold.

27. Within the 7th NSEDP framework, both public and private commercial banks have released banking credits of 40,139.10 billion kip (around USD\$5,017.38 million), amounting to 16.96% of the total investment, equivalent to 297% of the plan target (the 5-year plan target is 12,000-15,000 billion kip or 10-12% of the total investment and about 3,000 billion kip per year). The credit's main objective is to support important Government's infrastructure projects as well as poverty reduction and employment generation for people living in rural areas. The credits have also been released for commercial production, livestock and agriculture promotion, and small/medium processing industry.

28. As an initial step to diversify the investment, the Government has recently been focusing on special economic zones (SEZs) to operationalize the new Investment Promotion Law for the achievement of 7th NSEDP's target (further developing the existing SEZs that have been established and creating an enabling environment for the establishment of specific economic zones in other areas throughout the country in order to increasingly attract foreign investment to the country).

29. During the course of the 7th NSEDP implementation, the Government has issued the Decree on the organization and activities of the Lao National Committee for Special and Specific Economic Zones (NCSEZ), which acts as a secretariat to the Government in researching macro-policy, supervising and overseeing all SEZs in the country. Currently, at the end of Lao financial year 2015, there are 10 SEZs in Lao PDR (2 - Special Economic Zones and 8 - specific economic zones). Out of these 10 SEZs, 7 have been upgraded from general concession investments to SEZs and 3 SEZs have been newly established: Phoukhyo, Thakhek and Beung That Luang SEZ.

2.1.2 Macroeconomic stability

Inflation

30. The inflation rate has moved within the level specified within the 7th NSEDP (i.e. it is at a rate which is lower than the economic growth rate). It changed over the course of 7th NSEDP timeframe - 7.42% (2010/11), 5.12% (2011/12), 5.64% (2012/13), 5.16% (2013/14) and 1.68% (2014/15) (please refer to Table 3 for more detailed figures).

31. The main factors contributing to increased inflation are: food and beverage (non-alcoholic drinks) with an average price increase of 8.27%, housing, water and electricity with an increase of 6.72%, restaurant and hotel increase of 6.50%. Inflation has also been influenced by external price pressures and imbalance between domestic supply and demand. Uncertainty of fuel prices in the world market has directly affected domestic fuel price. For instance, during the FY2010-2011, the domestic fuel price increased by 20% on average and moved 17 times, 13 of which were upward movements and 4 were downward. In addition, the prices of goods in neighboring countries and in the region have continued to increase, including in Thailand, Vietnam and China. Domestically, insufficient supply has caused the price of meat to rise.

Table 3 - Changes in the Inflation Composition

Categories	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
1. Food supply	10.39	6.97	10.37	9.17	4.44
2. Alcohol	2.28	3.07	3.38	5.47	2.48
3. Clothing and shoes	2.39	2.35	4.42	6.02	4.22
4. Housing, water & electricity	3.14	9.15	9.09	3.64	8.57
5. Home appliance	1.40	2.54	2.70	2.10	1.30

Categories	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
6. Health care	2.25	1.20	1.31	1.34	0.18
7. Communication & transport	7.90	4.88	0.43	0.65	-5.24
8. Post & telecommunication	2.41	2.13	1.71	0.85	1.19
9. Entertainment & recreation	0.94	1.63	1.81	2.22	0.18
10. Education	0.57	0.92	2.19	1.31	0.26
11. Restaurants and hotels	3.50	7.93	8.63	8.60	3.83
12. Goods and services	9.24	5.61	1.50	1.41	0.24
Inflation (%)	7.42	5.12	5.64	5.16	1.68

Source: Lao Statistic Bureau, Ministry of Planning and Investment

Monetary Policy Management

32. Foreign Exchange Rate: the exchange rate over the past 5 years has been stable (Please refer to Table 4 for detailed information.) The appreciation of the Kip against the USD during FY2010-2011 to FY2012-2013 is attributable to the continuous inflow of fund into the country over the past few years, the depreciation of US dollars in international markets caused by the economic situation of the United States and the debt issue in Europe and in November, FY2013-2014, Kip depreciated against the USD due to the government's measures on international monetary liquidity was applied. For LAK against Thai Baht, it is appreciated, because the Baht depreciated against the US dollar.

33. The appreciation of a currency of one country against foreign currency will impact on the value of exports. But in the case of the Lao PDR, the appreciation of LAK impacted on the profits of export companies as their earnings are in foreign currencies but they pay salaries to local staff and other service charges in Kip. In addition, many foreign currencies are being used in the Lao PDR exposing export companies to risks from exchange rate fluctuations and impacting on cost composition and incomes that are in different currencies. Many companies have been affected especially garment factories, agro-processing and handicraft companies.

Table 4 - Foreign Currency Exchange Rate

Currency	2009-10	2010-11	2011-12	2012-13	2013-2014	2014-2015
LAK/USD	8,372	8,037.49	8,010.73	7,867.92	8,024.63	8,065.63
Rate of change		4.17% (Appreciation)	0.33% (Appreciation)	1.82% (Appreciation)	1.95% (Depreciation)	0.51% (Depreciation)
LAK/THAI	257.39	266.44	258.12	259.33	250.58	248.46
Rate of change		3.39% (Depreciation)	3.22% (Appreciation)	0.46% (Depreciation)	3.49% (Appreciation)	0.85% (Appreciation)

Source: Monetary Policy Department, Bank of Lao PDR

Money Supply (M2):

34. Over the last 5 years, the amount of money in circulation M2 continued to increase at a manageable level in accordance with the market mechanism. The amount of money in circulation M2 during the fiscal year 2010-2011 increased by 38%. In FY 2011-2012, the amount of money in circulation M2 increased 28%; in FY 2012-2013, the M2 increased 20.61%. In FY 2012-2013, the amount of money in circulation M2 increased 19.72% and in FY 2014-2015 increased 20.31%. The increase in amount of money in circulation was due to: 1) increase in net domestic assets coupled with banking credits to economic sector, 2) commercial banks supplied capital to economic sector and financial institutions for promotion of goods production, poverty reduction, and priority projects of the government and to purchase foreign currencies.

Foreign Currency Reserve

35. Over the past few years, foreign currency reserve has been maintained at the level sufficient for 5.52 months import on average. During FY 2010/11, foreign exchange reserve was accumulated to USD 718.1 million, increased by 35% compared to the same

period of the previous year and sufficient for 5.02 months of import. In FY 2011/12, the balance was USD 658.57 million, reduced by 9% compared to the same period of the previous year and sufficient for 5.39 months of import, in FY 2012/13, the balance was USD 582 million and sufficient for 5.42 months of import. In FY2013/14 the balance was USD 834.71 million and sufficient for 5.39 months of import and up until August 2015 the balance was USD 994.11 million and sufficient for 6.42 months of import (NSED target is to cover at least 6 months of import).

2.2 Labour and employment

36. In recent years, there has been improvement in the labor structure with a gradual movement towards industrialization and modernization. This change has been seen from the gradual reduction of labor in the agriculture sector which declined from 71.3% in 2010 to 65.3% in 2015 (the 2015 target is to reduce to 70%). In the industry sector, employment rate increased from 8.3% in 2010 to 11.4% (estimated) in 2015 (the target is to increase to 7% by 2015) and in the service sector, it also rose from 20.4% in 2010 to 23.3% of the total labor force in 2015 (the target by 2015 is to reach 23% of the total labor force).

37. Nevertheless, in comparison with the demand of the labor market, the supply is still insufficient due to a lack of information on the labor market. This has caused an inconsistency in labor development planning, the socio-economic plan and the labor market. In particular, investment is mainly focused in urban areas and have not focused on developing processing industries, limited small and medium size enterprises promotion which have an effect of rural migration into the urban. The immediate focus for sector improvements should then be on the infrastructure for skill development and training materials including quantity and quality of training.

2.3 Rural development and poverty reduction

38. During the previous 5 years, the government at both central and local levels have paid close attention to the grassroots development to establish development villages following the development priorities - 4 contents and 4 targets, three build directives (build provinces as strategic devise unit, build districts to become comprehensive strength unit and build village to become development units) by experimenting in 51 cities and 108 villages. Outstanding achievements are highlighted as follows:

39. Further concentrated on the grassroots, government officials that responsible for developing foundation at village and village group level consist of 8,685 persons, in which 1,065 persons are central government officials, 1,196 are provincial government officials, 6,424 persons are district government officials and students.

40. Political system at the village and the village group levels has been improved gradually. Number of villages that established Party committees to comprehensively lead the politic aspects increased 72%, villages that announced as development villages accounted for 82.38% of total villages, drug free villages accounted for 69% of total villages and crime free villages accounted for 66.2% of all villages across the country.

41. Concentrated in building economic infrastructure: construct road that lead to cities, which covered 84.2% of the total villages. By comparing with the target set for 2015, there is high possibility to have access to all villages. Complete upgrading and building routes to reach 6 districts including Kaleum, Dakjeung, Samuay, Saychamphone, Saysatane and Phonethong. Moreover, there is a continued attention to expand education service, public health service and water supply into rural, remote and poor areas. As a result, poverty reduction and living standards have been improved. The number of villages with

completion of the compulsory education (primary level) increased from 80% of the total villages in 2011 to 98.3% of the total villages in 2014; the number of health model villages increased from 24.5% in 2011 to 54, 57% of the total villages in 2014.

42. Due to improvement on the people's settlements and allocation of permanent arable areas to the people, development in boundary and government's priority areas have resulted in improvement of many households living, phasing out from slash and burn approach for rice cultivation into commercial production based on the local potentials, shifting into more stable occupation, improve livelihood pattern from natural based into the modern approach using technical - science which reduce the poverty through establishment of development villages, carry out prioritization for the development and many new towns have been progressively developed in many aspects.

43. In short, over the previous 5 years, the work on rural development and poverty eradication has been progressively improved. Base on assessment result on poverty in 2014 (the Decree No. 309 / PMO on standards of poverty and standards for the development between 2012 and 2015), there are 92,328 poor households, 1,966 poor villages which accounted for 23.09% of the total villages nationwide. However, the survey results of LECS5 suggests that the rate of poverty declined from 27.6% in FY2007-2008 (LECS4) to 23,2% in FY2012-2013. Household poverty rate falls from 22.2% in FY2007-2008 (LECS4) to 16% in FY2012-2013 which found very challenging to achieve the target set to achieve the rate below 10% in 2015. However, if the focus is continued on addressing poverty in the government's priority areas and there are strong and suitable measures applied, this target might be able reach in 2015.

2.4 Sectoral development

44. Alongside efforts to continue economic growth, the Government has committed to accelerate efforts in building physical foundation in key economic and sectoral sectors and cross cutting areas. In particular, a number of the NSEDP social development targets have been met while for some areas, huge challenges must be addressed.

2.4.1 Key economic sectors

Agriculture and forestry

45. During the past 5 years, the agriculture and forestry sector has made many significant achievements, despite the impacts of natural disasters like Nok Ten and Haima typhoons, the fluctuation of agricultural products and production input prices and other challenges. Nevertheless, there have been many achievements with food production, promotion of commercial productions for domestic consumption and exports, and enhancement of quality and productivity. Some key highlights include:

46. On food supply, rice production met society's requirements. Average annual rice production during the four years of the 7th NSEDP was 3 million tons. The focus is on three types. First, rain fed rice-farming production constantly increased. Its target set out in the plan will certainly be achievable. Second, dry season rice requires special attention due to challenges like climate change, a low level of rainfall, the use of irrigation systems, production costs and some others. Third, upland rice production is mostly in the northern provinces, particularly Huaphanh, Xiengkhouang, Sayabouly and Phongsaly.

47. The cultivation of food crops continues to grow moderately. The main products are corn, taro, fruit, and vegetables. Provinces that grow most of the vegetables are Champasak, Vientiane, Oudomxay provinces, and Vientiane Capital. The most outstanding vegetable growing projects are the organic vegetable projects due to high public demand.

At present Organic vegetable grower groups have expanded to 8 provinces, with 59 groups and able to supply sufficiently to meet consumption needs of the society.

48. Livestock and fisheries have expanded considerably through the provision of materials and inputs for production; provision of technical training on animal raising, animal feed storing and fodder growing; provision of vaccination against diseases resulting livestock to grow at 5.7% per year, against a target is 4-6% per year.

49. Commercial plantations have constantly expanded. Crops include coffee, cassava, maize and sugarcane. These crops have market potentials, demand and a suitable price that is satisfactory for farmers, alongside the support and promotion from the Government and the private sector including enterprises investing in agriculture and agro-processing for export.

50. Commercial livestock is likely to meet the target set by the Five-Year Plan due to increasing move to industrial livestock, using improved species, especially pigs, chicken (layer), chicken (boiler), and ducks (layer), which are farmed throughout the country. For cattle farming on plateau and upland areas, farming based on cattle stock of the village and to supply the products to domestic market and neighboring countries along the border. Although overall livestock products have tended to increase, if compared to actual consumption both domestically and abroad, it is still not sufficient, especially regarding large animal (cows) because farmers often lack the knowledge and techniques specific to outbreaks control of animal diseases, cow species are local that yield low production, enforcement of regulations on protection over pregnant cows from being killed is not strict, slaughterhouses and meat processing factories are very basic and lack of hygiene certifications.

51. In term of management of production and plantation forests, at present across the country, there are 51 National Production Areas covering 3.1 million hectares and divided into 324 sub-areas. Up to date, survey, data collection and allocation plan have been completed. The reforestation has also been a matter that need special attention as it is mostly like that the 7th NSEDP target on this could not be met.

52. Turning to agriculture land management and development, survey of agricultural land allocation in many parts of the country have already been completed and a majority of districts have already received the land allocation. Planning and zoning classification for agriculture, especially rice farming, vegetables plantation and livestock have also been done.

53. The sector has also paid attend to research and technical applications. For instance, the number of agro-forestry technical service center has increased to 268 throughout the country. For technical improvement, there were supplies of equipment, drying and screening machines, and drying yards for seeds, together with job creation that suites production potentials and supports from field-staff to Kum Ban regarding regular production promotion, and aims to assist local villagers to know and understand the new better plantation or livestock-husbandry techniques.

54. The production of rice species is expanding. The centers produced several rice types, rice-batch 1, rice-batch 2 and rice-batch 3. There was also production of rice that is resilient to floods. To date, the percentage of farmers using improved rice species has increased, particularly in the central and the northern regions using 80% in wet season and 100% in the dry season; and there are now 1,300 farmer groups. There is promotion of rice selection and production of good local rice species that have potentials and market demands, for instance “Kai Noy” rice and other local species.

Infrastructure, public work and transportation

55. Transport infrastructure in Lao PDR is at an early stage of development. To increase industrialization, the Government has emphasized infrastructure development as a critical need. In particular, being a landlocked country, Lao PDR depends heavily on road transport for economic development. The increase in the road network has been accompanied by even faster growth in the number of vehicles across the country. However, remote areas still have low traffic density due to the low level of their economic activities.

56. Development road construction and land transportation has made significant achievements. Road networks have risen from 39,584 km in 2010 to 51,597.03 km in 2014. One of the areas that received high attention is the improvement of paved roads, which increased from 5,426.67 km in 2010 to 8,272 km in 2014.

57. The development of transportation networks linking domestic roads with neighboring countries including the North-South Economic Corridor and the East-West Economic Corridor were implemented in accordance with the plan. By 2015, the transportation network will be around 2,200 km (the plan target is 920 km) exceeding the target by 1,280 km.

58. Alongside road maintenance, there has been regular road rehabilitation with labor contribution by local people. This consists of 929 contracts with the total length of 5,000km. There are also 62 contracts for a 3-year lump sum road maintenance with the total contract value of about 250 billion kip.

59. The outstanding achievements in national road maintenance include: Road No. 13 North in Vientiane province with funding assistance from the World Bank amounting to 2.8 billion kip and funding from the ADB 11 project amounting to 2.7 billion kip; Road No. 13 South in Bolikhamxay province with value of over 2.5 billion kip.

60. The air transportation service system has seen significant improvement and with a tendency for high growth especially due to big airport expansion, new airport construction and improvement of existing airports to cater to Boeing 747 type aircrafts which can already be catered for at Wattay International airport. The Luang Prabang airport expansion has been expended to accommodate Boeing 737. For Pakse, Phase 2 of the airport expansion project is on-going. The construction of Nong Khang airport in Houaphanh province began in April 2013. Seno and Xiengkhouang airport are also being studied, surveyed and designed.

61. The construction and development of railways, the Lao-Thai railway project's Phase 2 from Thanaleng to Ban Khamsavath village, is at the construction bidding stage. The Lao-China railway project has completed its feasibility study and has been submitted to the Government for consideration for funding sources for implementation. The feasibility study of the Savannakhet - Lao Bao (Lao-Vietnam border) railway has been completed, with the length of 217 km. In addition, other tasks completed include: the survey, marking of roads and railway station areas, monitoring and review the management and protection of preserve areas along the road and railway station from Vientiane capital-Bolikhamxay province-Khammouane and Savannakhet with the total length of 440 km.

62. Development of urban planning and water supply - There were a series of activities such as the construction and inspection of national level projects. In terms of urban planning, the aim is to ensure that cities develop in accordance with the city plans in an orderly, beautiful, and in harmony with the environment. The Government has also encouraged and promoted the preservation and development of unique national

architecture. Sheds and street restaurants in Vientiane Capital that do not meet quality standards and with no permission have been removed.

63. The strategic plan of town development until 2030 was completed and presented to the Government in September 2012. The small-town development project funded by ADB has been completed and handed over by ADB with the total value of 18.5 million in 12 districts namely: Samneua, Paek, Paksan, Vangvieng, Phongsaly, Namtha, Say, Huaysay, Sayabouly, Saravane, Lamam, and Samakkisay districts.

64. In term of water supply, in 2014 it was achieved 68%, the target of 67% will be achieved given that there are many on-going projects, some with significant progress while others have already made significant achievements.

Industry, trade and private sector

65. The implementation of the New Economic Mechanism (NEM) has enabled the private sector, both domestic and foreign, and including small and medium-sized enterprises (SMEs), to play an ever-increasing role in the economy. The private sector is expected to account for a much larger part of the economy as the Government attempts to achieve its goal of graduating from LDC status by 2020. The Government links the achievement of the Vision 2020 to attaining an annual GDP growth rate of 8 % from the present to 2020, on the basis of total investments made each year of around 30 per cent of GDP. More than 50 per cent of which should be mobilized from the domestic and foreign private sector. Guided by the NSEDP and research for the Diagnostic Trade Integration Study (DTIS), the key concrete strategy and measures for maintaining a high growth rate in the manufacturing industry and service and commerce sectors include:

- Establishing conducive trade and investment environment through:
- Improving competitiveness, quality and value of agribusiness, manufacturing and service sectors through:
- Improving the aid for trade governance framework to mainstream trade and private sector development through:

66. Between 2011 and 2015, it can be seen that overall processing industries have significant achievements, in creating jobs and adding value. The gross production value of processing industries in (2011-2015) was LAK 25,159 billion, with an average annual growth rate of 13%. Key processing industries include food processing, covering 21% of total processing production value, followed by spare parts – 18%, mineral products – 16% and beverages covering 15.5% of the total processing industry value.

67. For the development of processing industry infrastructure, at present, the total land identification and allocation for industrial zones nationwide has been 18,927 ha, 13,790 ha of which is owned by the state and 5,137 is privately owned. These areas are provided to serve existing factories that would be relocated and for newly established factories to be in the allocated industrial zones. The highlight was that in the FY 2012-2013, there were 206 factories operating within these zones.

68. Some key highlights for the establishment of conducive trade and investment, incremental achievements are an effort to fulfil commitments under Asian Economic Community (AEC) and WTO membership by carrying out a number of studies and assessments such as a horizontal assessment of laws, regulations, and administrative practices affecting trade in services. Also, the assessment of institutional and regulatory framework for telecommunication sector was also completed. Among others, the assessment concludes that in most areas, the primary legislation is already in place or well advanced to ensure the Government has the capacity to enable the required secondary

legislation, including establishment of the National Communications Authority, development of a more detailed licensing framework.

69. In term of trade facilitation, the Lao Trade Portal fully complies with the ATIGA's National and ASEAN Trade Repository Requirements. The portal is live, up-to-date, stable and relevant. The trading community continues to have positive feedbacks on the LTP. As of end March 2015, home page has recorded 42.5 % of a total cumulative 211,007 hits since its launch in June 2012. Content searches has also recorded increasing hits for legislation (17.2%), commodity search (14.4 %) and import and export manual (10.2 %) since the launch of the LTP. Between January –March 2015, there were 28 queries in the feedback facilities regarding import, export and transit information and procedures in the LTP. DIMEX responded to these inquiries almost instantly. These statistics have demonstrated that the LTP remains relevant and useful to the public including trading community.

70. The Regulatory and Institutional Assessment of the Telecommunications Sector was also completed. The assessment concluded that the two main priorities for compliance with the WTO Telecom Reference Paper are the i) effective establishment of a sector regulator independent from the policy-making role, and ii) the implementation of a licensing framework to allow the authorization of telecommunications operators. The project also provided support to MoPT in the drafting of regulatory instruments, in particular, on the framework for competition, interconnection, licensing regime and spectrum management.

71. Lao PDR has recently become a better place to do business for both domestic and foreign firms through introduction of a number of new policies and regulations aimed to improve predictability and transparency of business operating environment. However, there are still certain gaps between policy and implementation and without reducing this gap the potential of key economic sectors is likely to go unrealized. Further improvement in the enabling environment will require a wide range of sectoral and cross-sectoral initiatives.

72. Another key challenge will be to follow through with fuller implementation of legal reforms enacted in recent years. This will be especially challenging in a post WTO accession environment when, evidence from other post accession countries shows, reform momentum may begin to slow. Similarly, as trade and investment flows become increasing driven by the natural resource sectors, substantial efforts will need to be made to ensure that growth in the more labour-intensive non natural resource sectors is not hindered.

73. A lack of information and understanding by SMEs on the benefits of regional integration and FTAs with Dialogue Partners is also leading to the low utilization rate of the AEC implementation. Therefore, some form of policy coordination is crucial for addressing these issues in order to make the AEC realisation. Supporting business to prepare for the joint market will be key to ensure that the Lao economy will maximise the net benefits from regional integration. Partly because of Lao PDR's geographical location, its stage of development of market foundations, the nature of the methodology applied, the country performs poorly in most international benchmarking exercises, including the Doing Business Indicators, Index of Economic Freedom and the Logistics Performance Index. Overall these reports suggest that gaps between Lao PDR and its peers in the region are still significant.

74. Although there are significant constraints associated with its geographical locations such as high logistics and transport cost, limited scale economies because of small and

fragmented domestic market, Lao PDR has potential to develop its non-resource sectors based on key endowments such as availability of labor surplus in subsistence agriculture; low nominal wage; availability of land for agriculture, forestation and pasture; availability of forests; availability of electricity at moderate cost; traditional handicraft skills; proximity to fast growing regional markets; and rich tourism resources (unique nature and culture).

75. At the program implementation level, although some encouraging progress has been made across all major areas of the sector Roadmap, the implementation of the second generation of the Trade and PSD program following the DTIS Update is facing a number of new challenges because of the depth and breadth of the program. The key program implementation challenges can be summarized as the following:

- Lack of effective mechanism to address cross cutting issues affecting the private sector
- Challenge in demonstrating linkage between trade, PSD program and poverty reduction
- Mainstreaming trade agenda across sectoral agencies
- High transaction cost of development assistance due to divergent implementation modalities and operational policies and guidelines
- Adoption of priority action plan to follow up on the implementation of key recommendations from the 4 pieces of the service sectors' regulatory assessment, including the horizontal assessment, the telecommunications sector, the insurance sector, and the needs assessment for the MRA implementation remains critical for achieving predefined objectives for enhancing capacity of regulatory capacity in services sectors
- Ensuring effectiveness and efficiency of newly restructured trade policy coordination structure under NSCEI, including adoption of operational procedures, defining priorities of annual work program, setting agenda for semi-annual meetings, keeping tracks of work and assessing progress of decisions initiatives undertaken by the authorities and ensure effective coordination across ministries and public entities and other;
- TFS still faces challenges in encouraging private sector to actively participate in the public private dialogue under the TFS forum and providing adequate support to inter agency coordination and preparation of relevant policy and issues papers;
- Limited level of public awareness, especially SMEs about opportunities and challenges associated with Lao PDR's WTO membership and the upcoming AEC.

Energy and Mining

76. The global economic crisis has influenced the development of electrification and mining. Many large-scale electricity development projects have either stopped or postponed. The mining operations have also experienced the low prices of minerals in some years. However with supports from various stakeholders, many targets have been achieved while there are still some areas that need further efforts. Key highlights include:

77. Total production of electricity during the period is 74,481.03 KWH, which increased annual 25.61%. Currently, there have been 29 projects that are under operation with production capacity of at least 1 MW and more. The total installation capacity of these projects is 3,328.95 MW. Out of these, the Government (via EDL) owns 10 hydropower dams with installation capacity of 448.5 MW covering 13.47%. The private manages 19 dams with installation capacity of 2,880.45 MW covering 86.53% of the total installation capacity.

78. The Government has also had agreements with local and foreign investors for

totally 71 projects with total installation capacity of 21,668 MW. Out of these, 31 projects are under the process of feasibility study, 21 projects are under development agreements and 19 projects are under the concession agreements and in the process of construction.

79. The attention has also been towards the development of Off-Grid Electrification as Lao PDR has capacity in developing solar power. It is estimated that on average, annual sunlight is at the level of 5.0kwh/m²per day. This kind of energy has been expanded and installed in the rural areas for more than 13,000 households in over 320 villages. A solar energy installation was completed, which links to the on-grid electricity network at parking of Wattay International Airport, with capacity of 236 Kw.

80. The construction of sugarcane bio-energy stations in some provinces was carried out. For instance, in Savannakhet, the construction was completed in 2011 with installation capacity of 3 megawatts and will increase installation capacity to 8 megawatt until 2015. The construction of biomass bio-energy and ethanol production factory in Attapeu province has been completed at the beginning of 2013 with installation capacity of 30 megawatts. In addition, the construction station to produce bio-energy from waste of 5 megawatts and biomass energy station of 50 megawatts is on-going in Sayabouly province (supported by the government of Finland).

81. The total households with electricity has reached 89%, exceeded the Five-Year plan target of 80%. Nevertheless, the development and supply of electricity is still insufficient. The transmission lines for high and medium voltage are not yet connected throughout all regions. Some regions still import electricity from foreign countries such as: Thailand, Vietnam and China. The connection of transmission system needs to continue to targeted markets in neighboring countries especially with Thailand, Vietnam, China and Cambodia.

82. Turning to the average annual growth rate of the mining sector, it stands around 13.65%. The total value of mineral export was over USD 4 million, consisting of about 60% of the total export of the country. More than small and medium 69 domestic and foreign companies have been given exploration contracts. The two large-scale projects are Lane Xang minerals and Phu Bia Mining Ltd. with production value of over USD 500 million a year.

2.4.2 Key social sectors

Please refer to 2013 and 2015 MDGs reports for more information [*Following texts under this section also address Discussion Point 6 of 2014 RTIM*].

Education and human resource development and sports

83. The Government has placed significant importance on human resources development and has allocated increased budget to education and sports between 11% to 15% to improve and develop education infrastructure and improve teaching-learning from nursery, kindergarten, and primary school to university. The focus has been on achieving the MDGs, promoting children within the age of 11-14 to complete secondary school, developing new curriculum for vocational study to respond to the demand by the labor market. Many project implementations have been localized namely the development of quality education project, accelerated education for all, basic education development, dormitory building for students, school lunch and food supplements project implemented in 30 districts in 6 target provinces contributing to increased attendance rate while reduces drop-out rates, expansion and improvement of technical schools in the three southern provinces and others. In addition, block grants are provided for school administration to all primary schools nationwide based on a unit cost of 20,000 kip per student per FY 2011-2012 and increased to 50,000 kip in FY 2012-2013. For kindergarten, primary school,

secondary school and high school receive 20,000 per person per year. This has gradually improves the quality and quantity of Lao education which is evidenced in the actual implementation of various targets. The enrolment rates at secondary and high school are 78% and 45.7% respectively in FY 2014-2015. This indicator is one of the criteria for assessing whether the country will exit from the LDC status by 2020 [*Action Point 6 of 2014 RTIM*].

84. At the policy level, at the final year of the 7th NSEDP implementation, the major focus was on developing the Education Sector Development Plan (ESDP) 2016-20 and updating the Education Law. The ESDP 2016-20 was based on an agreed Theory of Change, with 11 outcomes supporting the overall goal. These outcomes are consistent with the internationally agreed fourth Sustainable Development Goal (SDG) which focuses on education quality improvements. A comprehensive financing plan to cost the ESDP 2016-20 was also developed. The ESDP 2016-20 also includes more detailed sub-sector plans and development of these plans was supported by a grant from the Global Partnership for Education, together with contributions from other development partners. These approaches, together with extensive sub-national consultations resulted in a more realistic and strategic Plan with broad ownership.

85. The Education Law has been updated to respond to ASEAN integration and the fourth Sustainable Development Goal. A key feature of the new law is that free and compulsory education has been extended to include lower secondary education.

86. On June 5, 2015 the Prime Minister signed Decree 177 on Higher Education, clarifying the nature of higher education in Lao PDR and the Higher Education Decree was signed by the Prime Minister in June 2015, clarifying the roles and responsibilities of higher education institutions. On the 28th August 2015, the completion of the non-formal primary education equivalence program, for 15 to 45 year old people was announced.

87. Responding to the large social demand for early childhood education, the percent of new entrants to primary grade 1 who have had some form of early childhood education exposure increased from 45 percent to 51 percent over the last year. There is a new Technical and Vocational Education and Training (TVET) Development Plan 2016-2020 and a concept for a vocational qualification framework together with a generic implementation manual. A separate concept was prepared to address the restructuring needs of the National Training Council – Permanent Office. There are also new implementation arrangements for management of ODA.

88. A number of new large projects were launched in 2015, including the World Bank funded Early Childhood Education Project; the Australian funded Basic Education Quality and Access in Lao PDR (BEQUAL) which will also receive co-financing from the EU; the second Global Partnership for Education funded project (GPE II) that focuses on school based management at primary level; and the German funded Vocational Education in Laos/VELA-FC program that will improve quality access to vocational training and also improve the qualifications of vocational instructors. Japan is continuing to support MDG2 through its Community Involvement in Education Development Phase 2 project and also the Project for Improving Teaching and Learning Mathematics; and ADB is preparing follow-up project designs in the areas of TVET and higher education. INGOs continue to support primary education across the country through a range of interventions reaching the most disadvantaged children. UNICEF has supported printing and distribution of primary textbooks. GIZ has piloted a program for disadvantaged persons leading to TVET Certificate 1 and Certificate 2 to enable young people who have not complete lower secondary education to enrol in formal TVET courses.

89. Progress in achieving MDG2 targets continues to be made, but improvements in the Grade 1 dropout rate have been slow. Primary net enrolment rate increased from 98 percent in 2013-14 to 98.5 percent in 2014-15, with gender parity increasing from 0.96 to 0.97 in 2014-15. Survival rate to grade 5 increased over the same period from 77.5 per cent to 78.3 percent, with girls having a 3 per cent margin over boys for survival rate to grade 5. However, grade 1 dropout remains the major barrier to achieving MDG 2: At a national level, grade 1 dropout improved from 9.9 per cent in 2013-14 to 8.5 percent in 2014-15 but rates vary across the country. For example, eight rural districts continue to have a grade 1 dropout rate greater than 20 percent.

90. Grade 1 repetition rates declined from 15 per cent during 2013-14 to 13.5 percent in 2014-15. However, repetition rates vary considerably across districts, with repetition rates greater than 20 per cent in 23 districts. Grade 1 repetition rates among boys is almost two per cent higher compared to girls.

91. School block grants were introduced to support quality improvements at the school level. Although the per-capita grant was increased to 60,000 kip per student, revenue constraints caused delays in disbursement of these grants during the 2014-15 school year. These grants have now been disbursed to schools at the beginning of the 2015-16 school year.

92. Improvement in the Human Assets Index (HAI) is required for exit from Least Developed Country Status and the education sector is responsible for two of the four indicators: the Gross Secondary School Enrolment Rate and the Adult Literacy Rate. 3
Secondary Education

93. The Gross enrolment rate (GER) for lower secondary education has increased from 74.4 percent in 2013-14 to 78.1 percent in 2014-15. Over the same period the GER for upper secondary education increased from 41.3 percent to 45.8 percent. The overall secondary GER target is 75 percent and given the high transition rate from primary to lower secondary of 92 percent, this target will only be achieved if more students complete primary school.

94. Overall adult literacy rates will not be known until the results of the 2015 population census become available. However, the Department of Non-formal Education has placed great emphasis on eradicating illiteracy among the 15 to 24 year old age group and on 28 August 2015, announced the completion of the primary education equivalence program.

Health

95. The delivery of high-quality health services is important for the development of Lao PDR. Therefore, scaling up the current health response, increasing access to health services and maintaining their quality are necessary. At the policy level, to strengthen health governance and system reforms for the achievement of national goals and MDGs, in particular, MDG 4 and 5, the Prime Minister issued a Decree to appoint a Commission for Health Reform (PM Decree No.29/Gov dated 20/01/2014). At the same time, a framework of Health Reform has now been established and approved on 24 March 2014 during the meeting of the National Commission for Health Reform [*Action Point 6 of 2014 RTIM*].

96. At the implementation level, the 7th five year Health Development Plan (HDP 2011-2015) has been the key framework to guide all related health activities. Hygiene and

health promotion programme has been focusing on mother and child health and primary health care. Disease prevention and control of communicable disease programme pays attention to epidemiology, medical analysis, prevention and control for HIV/AIDS infection and sexually transmitted infections (STIs), malaria control, parasites and insects and tuberculosis control.

97. Currently, health service network has been expanded especially in rural remote areas. Currently, there are 985 health centers and 840 of which provide services on birth delivery. At district level, there are 135 district hospitals, 20 of which provide Cesarean birth surgery while 3 of which relied on support from provincial medical staff, 5 of which do not provide surgery services and 103 of which could provide very basic support on birth delivery and new born child care. For provincial hospitals, they exercise their services in basic treatment, regular to emergency surgery and cesarean birth surgery that have been referred from the district hospitals. Apart from this, some provincial hospitals have been improved in some areas of expertise to upgrade the service quality to the same level as the hospitals at the central level and become the regional hospitals in the future. At the central level, there are 5 hospitals and 3 specific healthcare centers. There are 16 private hospitals or healthcare centers that officially operate (10 in Vientiane Capital and 6 in provinces). The Ministry of Health gives permission to 1,044 private clinics to officially provide health services (377 in Vientiane Capital and 667 in provinces).

98. The Government has also established model health village in accordance with the 8 concepts of primary health care. Currently, 5,492 model villages were established, covering 64.84% of the total villages. Under the Government's 490 villages in 64 focal village clusters, 290 villages have been established as health villages. For 109 villages of 51 districts implementing 3-build directives, 107 of them have been classified as health model villages.

99. Maternal mortality rate now remains at 220 per 100,000 live births which is assessed by WHO in conjunction with UNICEF and the World Bank. With this, the country certainly achieves its plan target of 260/100,000 live births. In addition, Lao PDR seems to be able to clear out tetanus in mothers and infants as verified by WHO. The birth delivery rate with skilled birth attendants is at 58% (slightly above the plan target of 50%). For child mortality rate under 1, the rate reduced from 68 per 1,000 live births in 2011 to 32 per 1,000 live births in 2015. In term of mortality rate of children under 5, the rate also declined from 79 per 1,000 live births in 2011 to 72 per 1,000 live births in 2015.

100. The Government has also been putting more efforts on campaigns to raise awareness on '3 Cleans' principles and increasing the provision of equipment and clean water. Currently, 84% of the population has access to clean water (80% target) and 65% of them use latrines (60% target).

101. Although health status of the people is improved, a few indicators are still lagging behind comparing with those in South-East Asia such as indicators on life expectancy, MMR, CMR, and malnutrition. Gaps between urban and rural area exists in terms of provision of health services; the implementation of user fee and free access to health care is not yet in conformity, inability to control resulting in some discouragements, the poor still do not receive health treatment at the hospital and health insurance due to inability to access. Social welfare is insufficient to cover all the people in the society. Lump sum payment scheme to hospitals is not sufficient to encourage the improvement of service quality. The turning direction to universal coverage of health insurance by 2020 is one of the main directions of the health sector reform which has been endorsed by the Prime Minister's Decree on national health insurance and the health financing strategy. For human resource development, the priority is to ensure accelerated planning, training and develop more health workers especially doctors, nurses, midwives, and village doctor for

districts, health centers and village which have very limited number at this stage. The acceptance of health workers at grassroots levels to become government employee has not been adequately implemented due to limited quotas.

2.4.3 Key cross-cutting/multi-stakeholder issues

Nutrition and food security

[Following texts under this section address Discussion Point 5 of 2014 RTIM]

102. Nutrition and food security is one of the sectors that faces challenges in the implementation since it is associated with several sectors such as food security, food access and food consumption. To counter these, it requires effective collaboration and shared responsibilities among the concerned agencies including sector of health, education, agriculture, environment, industry and commerce, etc. This is to ensure food security and nutrition from household level to the national level.

103. Within the 7th NSEDP timeframe, the National Committee for Nutrition was established and there has been efforts in promoting hygiene – disease prevention to change living style behavior of people according to the ‘3 clean’ principles such as drinking boiled water, eating cooked food, using latrines. The most important aspect is promoting eating behavior of children that they should eat all food groups by providing milk and food supplements to children at schools, distribution of Vitamin A, de-worming medicines, iron and zinc for children and women in reproductive health age. Nonetheless, there are challenges in achieving several targets set in the five year plan such as achieving target of prevalence of underweight children under 5 years which has very slow progress, based on the Multiple Social Indicator Survey (MICS) 2011, achieving only 27% compared with the target of 22% by 2015; the prevalence of stunting children under 5 (chronic malnutrition) is also still lagging behind reaching on 38% but the 2015 target is 34%. Therefore, increased efforts need to be mobilized in order to achieve these targets.

104. Recognizing a multi-sectoral nature of child undernutrition, the Government of Lao PDR developed the first National Nutrition Policy (2008), the National Nutrition Strategy to 2020 and the Plan of Action for 2010-2015. The development of the national policy and strategic frameworks has been influenced and aided by international development initiatives and frameworks. Between 2008 and 2010, Lao PDR was the first REACH (Renewed Efforts Against Child Hunger and undernutrition) country. In April 2011, Lao PDR joined the global Scaling Up Nutrition (SUN) movement. These national and international frameworks set up a comprehensive agenda for nutrition action, covering nutrition-specific and nutrition-sensitive interventions in the key sectors, including public health, agriculture and food security, poverty reduction, education, water and sanitation. However, the initial operationalization of the 2010-2015 Plan presented challenges due to lack of formal multi-sectoral coordination mechanism, unclear sectoral accountabilities, significant capacity constraints (human and financial) and limited coordination with and among the development partners.

105. In response to the coordination challenge, in 2013 the Government of Lao PDR established a multi-sectoral National Nutrition Committee (NNC) chaired by the Deputy Prime Minister with authority and power to mobilise multiple sectors and levels of the Government (refer to diagram for more details). The work of the NNC is supported by the Secretariat led by the Ministry of Health and co-chaired by the Ministries of Planning and Investment, Agriculture and Forestry, and Education, Youth and Sports. Since its establishment, the NNC was instrumental for developing a strategic guidance for multi-sectoral response to nutrition. The NNC facilitated the development and testing of

‘convergence’ approach in selected districts and provinces of Lao PDR with close engagement of health, water and sanitation (WASH), agriculture and education sectors. It also coordinated the updating of the National Nutrition Strategy to 2025 and Plan of Action for 2016-2020 and led the integration of nutrition objectives into the national and sectoral development plans for 2016-2020. The development of Common Results Framework for Nutrition, clarifying roles and responsibilities of different sectors in implementing priority nutrition actions has been essential to strengthen the accountability and monitoring framework for nutrition in the country [*Discussion Point 5 of the 2014 RTIM*].

106. Development Partners played a significant role in the provision of technical advice and resources in the process of designing and implementing of multisectoral approach to nutrition, including support to the development of the ‘convergent’ model. EU and UNICEF facilitated the organization of quarterly meetings with donors, UN agencies and iNGOs since October 2013, with aim to improve information sharing, discuss harmonization of approaches and the best way of scaling up nutrition actions, identify key policy and implementation issues, mobilise resources to close critical gaps, and promote an increasing alignment of external development assistance to the country priorities. A number of joint initiatives has been initiated and supported by DPs. With support from EU, UNICEF and Lao SUN Civil Society Alliance, NNC is undertaking a comprehensive nutrition mapping exercise to inform the annual planning and budgeting for nutrition in the Government and of DPs’ programmes. WB, EU, IFAD and UNICEF brought their resources together to help the Government develop one multi-sectoral National Communication Plan of Action for Nutrition.

107. The Government of Lao PDR is determined to strengthen the multi-sectoral coordination for nutrition in the coming months and years. While the enabling environment for multi-sectoral nutrition response has been strengthened at the national level, efforts to enhance the comprehension and application of multi-sectoral nutrition governance and planning at the sub-national levels (provincial, district and village level) has just started. This remains to be an area of priority attention for the Government and DPs because without transformative and effective action at this level further and faster improvements in the nutritional status of children, women and their families will be challenging.

Unexploded Ordnance (UXO)/Mine Action

[Following texts under this section also address Discussion Point 9 of 2014 RTIM]

108. From 1964 to 1973 was the period in which Lao people were impacted by bombs from the 2nd Indochina War. During these 9 years, there has been over 2.8 million tons of unexploded ordnance (UXO) out of the total 2.4 million tons of bombs dropped on Lao PDR, which on average is about 0.9 ton per one Lao person.

109. The 2010 National UXO Survey indicated some 48,375 casualties from 1964 to 2008, with the bulk of casualties between ages 15 and 35 years, 60% of the victims were killed and 40% were injured. Within the 7th NSEDP, the target is increase land clearance from UXO contamination to 100,000 hectares by 2015.

110. During the final year of 7th NSEDP, the UXO sector in Lao PDR has undergone some major positive changes. The most significant of these was the mainstreaming by all humanitarian operators of the evidence-based survey approach. Until 2013, only one such operator was using this approach, and in 2015, all five humanitarian operators, including UXO Lao, are implementing it. The method reduces significantly the number of hectares of uncontaminated land that are cleared, and increases the number of UXO found per

hectare cleared. This makes clearance more efficient and means that more UXO are removed from the ground more quickly. Also during 2015, the UXO sector has made progress towards full survey of contamination in the country, which is a key obligation under the Convention on Cluster Munitions. In three of the nine most-contaminated provinces, technical survey (TS) is expected to be concluded in 2016. In the other six, much increased survey activity is ongoing. The draft 8th National Socio-Economic Development Plan includes a specific target for the completion of survey by 2020. Also, the NRA has implemented a new reporting system in 2015 enabling better reporting of the number of villages with completed non-technical survey.

111. The number of UXO victims has reduced from 302 in 2008 to 45 in 2014¹ and, in the first ten months of 2015, there have been 38 casualties from 24 accidents, with 38 victims, of which 29 were injured (27 men, 2 women) and nine people were killed (8 men, 1 woman). Those most at risk continue to be boys and men. This overall decline is in large part due to ongoing survey, clearance and risk education efforts undertaken by the UXO sector (and detailed below for 2015), as well as an increase in the range of safe income generation options which has reduced risk-taking behavior. However, Lao PDR still has an unacceptable level of accidents and victims.

112. As of 30th November 2015, the following operators make up the UXO sector:

- 17 non-profit operators (UXO Lao, Lao PDR Army, Norwegian People’s Aid (NPA), Mines Advisory Group (MAG), Handicap International (HI), the HALO Trust, JMAS, AAR, COPE, CPI, CRS, NCA, LDPA, NCDP, SoS, QLA, CARE International and World Education); and
- 13 commercial operators (ASA, PSD, SBH, Lao BSL, LAUNC, XTD High-tech, Great, SP, Aus Lao, Oumma, Milsearch, BACTEC, and the Engineering Department of Ministry of National Defense associated with MMG/LXML).

Clearance and Survey in 2015

113. The below table provides an overview of survey and clearance in 2015, with a comparison with 2014 for reference and for evidence of the improved efficiency of the operations in terms of UXO per hectare.

Year	Confirmed Hazardous Areas (CHA)			Area Clearance				CHA Cleared ²			
	# CHA	Area (Ha)	CMs Found	Tasks	Area (Ha)	CMS Found	CMS /Ha	# CHA	Area (Ha)	CMs Found	CMs/ Ha
2014	1,583	5,051.61	16,596	1,805	4,067.37	20,816	5	-	-	-	-
2015	1,243	4,737.55	13,785	919	1,869.05	26,387	14	10	30.34	179	6

114. Much of the credit for these outputs can be attributed to the adoption of the evidence-based survey methodology mentioned above, which utilises both non-technical survey (NTS) and technical survey (TS) to locate cluster munitions remnants. The development of this methodology was completed late in 2014 and the final Standard Operating Procedures were approved in January 2015. All operators are now required to follow this methodology and the benefits of this are showing in the outputs listed above.

¹ The UXO Sector Annual Report 2014 is available in English, and can be downloaded on the NRA website: <http://www.nra.gov.la/> in the section “Resources”.

² The above data is taken from the IMSMA database. Some operators have not submitted fully up-to-date data from their operations. For this reason, the figures for 2015 are not complete. Data from UXO Lao is not included in the most recent figures for CHA cleared. Given that UXO Lao is the largest operator, this should be considered when reviewing this data.

115. The NRA continues to seek methods to improve the efficiency of survey and clearance. Since 2014, the sector has benefited from the arrival of four brush cutters provided by Japan, as well as the training of 22 UXO Lao staff for their use. In general, the UXO sector still relies heavily on manual clearance methods, which are not yet aligned fully with the best-available and most efficient technologies globally. The support of the international community continues to be necessary to address this issue, and the support provided by the United Nations, Japan, the United States, and other technical advisory support has been essential for the technical progress made so far.

Mine Risk Education in 2015

116. With the intent of reducing the number of accidents and casualties, the UXO sector has also taken steps to increase the effectiveness of Mine Risk Education (MRE) through the development of a supplementary UXO curriculum for primary schools, and through sport and village visits to at-risk areas. Radio messages are broadcast in coordination with the Ministry of Information, Culture and Tourism in four of the most contaminated provinces (Khammoune, Savannaket, Champasack and Sekong). It has been recognized by some Development Partners at some sector-level events, including the UXO Policy Forum in November 2015, that MRE should reach beyond the nine most heavily-contaminated provinces due to movements of people, as well as contamination in some districts of other provinces.

Sector Coordination in 2015

117. In 2015, the NRA has continued to perform its important role in the UXO sector, coordinating, regulating and monitoring the work of UXO sector operators. The NRA continues to assist the Government in achieving implementing the *Safe Path Forward II* (SPF II) and that advances progress towards the nationally-establish *Millennium Development Goal 9*. In February 2015, the number of representatives on the NRA Board was increased from 17 to 22, which in turn increases the level of oversight of the UXO sector by the Government of Lao PDR.

Mid-Term Review of Safe Path Forward II in 2015

118. In mid-2015, the National Regulatory Authority (NRA), with support from the Government of Lao PDR, UNDP, the UXO Sector Development Partners and implementing agencies, conducted a consultative mid-term review (MTR) of the *Safe Path Forward II* (SPF II).³ A key theme was how to ensure that land is identified as hazardous and cleared in an efficient and effective manner to allow for greater influence on the development of Lao PDR. The mid-term review noted a need for MRE to reach beyond communities in the nine most-contaminated provinces, due to movements of people. The review found that SPF II remains pertinent as a strategic document to provide the priorities identified to support the development of Lao PDR and to fulfill all international obligations. It also noted that, due to the operationalization of a new survey-based methodology, the previous focus on hectares cleared no longer adequately captures the work undertaken by the UXO sector and that new indicators and targets are needed to measure progress in the sector.

New Sectoral Targets

119. In 2015, the NRA consulted with UXO humanitarian operators to discuss possible indicators that could be used to measure the progress with UXO evidence-based survey at the country-level, and to link with other ministries and support improved integration with the 8th NSEDP and UXO sector planning mechanisms. On 22 June 2015, the NRA submitted this matrix to the Department of Planning, MPI. The targets to be achieved by 2020 are:

³ The key findings of the mid-term review are summarized in the draft UXO Sector Five-Year Work Plan.

- Non-technical survey and data collection on UXO contamination in 5,238 villages in the nine most-contaminated provinces of the country;
- Technical survey to identify confirmed hazardous areas (CHAs) in all villages within 124 Focal Development Areas identified by the Government of Lao PDR;
- UXO clearance to remain as one of the top priorities in the Government's development and poverty eradication programmes;
- UXO risk education to be included in the education curriculum for both primary and secondary schools in order to reduce the number of casualties to less than 40 per year;
- Medical, rehabilitation, employment opportunities to be provided to 1,500 UXO survivors.

120. Also during the last year of the 7th NSEDP, the NRA and UXO Lao have followed up on a 2014 Capacity Assessment that was undertaken with the support of UNDP. The Capacity Assessment Report is set to be published. It contains specific Action Points for both organisations, and the NRA has already moved forward on, for example, the strengthening of its monitoring and evaluation capacity, with a UNDP-supported assessment in October 2014.

The Convention on Cluster Munitions (CCM)

121. In 2015, Laos has given great importance to the Convention on Cluster Munitions (CCM) through the approval of several related regulations, policies, strategies and practices. Deputy Minister of Foreign Affairs, Mr Saleumxay Kommasith, reaffirmed this in his speech at the First Review Conference of the CCM which took place on September 7 - 11 in Dubrovnik, Croatia. He also detailed the country's implementation of the convention over the past five years. The Lao PDR delegation made substantive statements in all key sessions⁴. The Review Conference also marks five years since the First Meeting of State Parties to the convention took place in Vientiane in 2010.

122. To celebrate the fifth anniversary of the entry into force of the CCM on 1 August 2015, NRA organized an event with speeches by H.E. Mr. Saleumxay Khommasith Vice Minister of Foreign Affairs, Vice Chairman of the National Regulatory Authority for UXO/Mine Action Sector in Lao PDR (NRA) and Mrs Kaarina Immonen UNDP Resident Representative in Lao PDR, followed by sporting activities in line with the worldwide theme to promote universal ratification and accession to the CCM. UXO sector operators showcased their work at the event, in which more than 250 people participated.

The Contribution to the UXO Sector by the Government of Lao PDR in 2015

123. It is not yet possible to estimate the exact contribution of the Government of Lao PDR to the UXO sector so far in 2015. The government contributes to the sector in the form of rental subsidies, tax exemptions, training for the Lao Army Humanitarian Clearance Teams, and other support. In 2014, the total for this was estimated at around US\$1m. That year, the total income for the sector was in excess of US\$34.5m, most of which came from international aid and investment.

Environment and natural resource management

[Following texts under this section also address Discussion Point 7 and 8 of 2014 RTIM].

124. A number of rules, regulations and instructions has been updated and issued in Lao PDR through the course of the implementation of the 7th NSEDP which includes for instance, Law on Environmental protection (promulgated in January 2013), Law on Land,

⁴ These can all be found on the website of the First Review Conference (1RC) of the CCM here: <http://www.clusterconvention.org/meetings/1rc/>

Law on Forest (submitted for National Assembly approval in June 2013), Law on Water and Water Resources, and The improvement of the Decree on Social-Environmental Impact Assessment and Decree on Compensation and Relocation of Population, Decree on the Conservation Forest and Decree on Protection Forest.

125. A number of decrees have also been drafted, including the draft Decree on upgrading provincial conservation forest to national conservation forests (Hi Phi and La Ving La Vern mountain), draft Decree on determining 12 natural resources conservation areas, draft Decree on Pollution Control, and upgrading the Minister's approval notice on environment standards to Law on National Environment Standards. In addition, the Environment Plan for 2011-2015 was endorsed in 2011 and the draft Strategy on Early Warning and regulations on natural disaster warning which is one of the priorities in the 7th Five-Year Plan.

126. In conjunction with the above mentioned regulations, there are some outstanding works that have been implemented such as:

- For water resources, meteorology and hydrology, implementation of national integrated water resource management has started. The river basin committees have been established in key river basins, namely, Nam Ngum, Nam Theun, Nam Ka Ding. Some key highlights include the work to check and improve quality of water measuring tool in meteorology and hydrology station in all over the country. And an exchange meteorology and hydrology information with neighboring countries and countries within Asia-Pacific every 3 hours and report every hour on the information and weather situation for aviation.
- In term of environmental aspect, study and research on environmental tax and use incomes from the development projects in the management of sustainable natural resources and environment have been carried out. Also, among other achievement, key highlights are: the production of manual, posters and technology transfer manual for technicians fixing cooling system nationwide; the completion of a plan to control the utilization of HCFCs and the reviews of the environmental impact assessment reports of 75 projects, in which 31 were initial environmental evaluation (IEE) reports and 44 were EIA reports of 44 projects.
- Natural Disaster Management and Climate Change has also been one of the areas with a number of positive progresses. For instance, the National Strategy on Climate Change and the National Adaptation Plan of Action has been operationalized through improvement of regulations and tools to suit the actual situation of Lao PDR. The Intended Nationally Determined Contribution was also adopted in principle by the Government of Lao PDR as a part of the preparation for the UNFCCC COP 21. The final draft of the results on greenhouse gasses has been completed for the decision makers in the agriculture and forestry sector. The sector has prepared for the Government to consider adopting the project on reducing greenhouse gasses by avoiding deforestation and degradation of forestry at the local level by New Chip Seng Group (SN-REDD+ Project) to pilot carbon trade. Also, a study on potential and challenges of the Climate Change Fund have been initiated to ensure that resource mobilized from the Fund can bring maximum benefits for Lao PDR.
- Land use allocation has been basically completed in 3,779 villages including the villages in 47 poorest districts which accounted for 43,2 % , and at district level has completed 55 districts accounted 37,91%. Also, land registration has been completed and land titles have been issued for over 288,611 plots (against the target of 1 million plots). This has a very high risk in not achieving the 5-year plan target. At the same time, technical revenue and incomes from turning land use rights over the past one year has exceeded the target at 62% (the plan target is 30 million kip)

and revenues from turning land use rights have been collected exceeding the plan at 92% (the plan target is 3 billion kip) and has transferred to national treasury; incomes from land use fees have been transferred to financial sector.

127. Lao PDR emphasized on the sustainable exploitation of the resource base which will help to reduce the Lao PDR's economic vulnerability and will eventually reduce an impact on its economy since natural resources remain a dominant source of growth and other sectors clearly lag behind. This is self-evident if, as is obviously the case, natural resources are either finite or, as is the case in plantation agriculture based on land concessions, there are natural limits on growth. In other words, the case for broadening the base for growth is apparent. This will also limit the effects of any international market volatility on Lao PDR with attendant benefits on GNI and the EV Index, both of which affect Lao PDR's graduation from LDC status.

128. There is a further and obvious linkage between the natural resources sector and environment impacts. The government of Lao PDR put an effort on sustainable natural resources management and utilization, such as ensuring sustainable land use planning, implementing the national sustainable hydropower development, environmental friendly mineral extraction. The protection and improvement of the environment is linked also to the third criteria for LDC graduation, the HAI, which comprises literacy and secondary education, under five mortality rate and undernourishment in the population. The water and sanitation targets of MDG 7 are directly linked to under-five mortality rate and undernourishment.

Public sector development and good governance

[Following texts under this section also address Discussion Point 10 and 11 of 2014 RTIM]

State Administration Regulatory Framework

129. To streamline the state administrative framework, the Government continued consultations on the amendments to the Law on Government, Law on Local Administration and on the draft Law on City and Municipality during 2015. The proposed amendments are expected to address some of the key ambiguities and clarify the roles and responsibilities between the offices of the Prime Minister, Deputy Prime Minister, Ministers and Heads of Ministry-equivalent organization in the Law on Government; the mandates, roles and functions between levels of government and administration (Law on Local Administration) and the establishment of City and Municipality as a local administration (Law on City and Municipality). Also, the proposed amended Law on Local Administration is aimed to promote better relationship between provincial authorities and the National Assembly Constituency Offices. Stronger collaboration with mass organizations and civil society to share experiences participate in the public sector development activities are also suggested in the revised law. The proposed changes incorporate provisions that reflect lessons learned from the pilot implementation of Sam Sang and must also need to be accommodated within the Constitution, which is simultaneously undergoing consultations and updates to address the evolving administrative and legal framework needs of the country. The GSWG held stakeholder discussions in May 2015, led by the National Assembly, Ministry of justice and Ministry of Home Affairs, on the proposed changes to the Constitution and the proposal to establish local Provincial Assemblies. It is expected that draft constitution will be laid before the Ordinary Session of the National Assembly in December 2015 for approval.

Central-Local relations and Service Delivery

130. Following the 2 year piloting to October 2014 of the government's devolution initiative under the Sam Sang policy, the government has extended the policy to cover all

provinces and district in Lao from 2015. Under Sam Sang, local administration is being assigned more responsibilities and authority to become more proactive and self-reliant in local development and poverty reduction. The implementation roll-out may be incremental, depending on local capacity, with certain functions being selectively assigned to districts. The government is also considering how to address the personnel requirement of the expansion of Sam Sang to all district given the fiscal constraint and pressures on State budget. In March 2015, the GSWG convened a panel discussion for stakeholders providing an opportunity to openly share and discuss a review of possibilities for greater alignment between the District Development Fund (DDF) and the Sam Sang implementation, including Budget assignment to Districts. The DDF uses the government's own systems and staff to provide untied block grants together with practical learning to 53 District administrations, enabling them to engage with local communities to identify and provide services related to priority MDGs. By developing the capacity of local administrations, the DDF strengthens MDG service provision and, critically, the ability of the local government machinery to lead and manage local services delivery for a more sustainable approach. Overall the review identified many similarities and common practices and the feasibility of closer local collaboration by DDF to Sam Sang, e.g. DDF could expand its support to provincial administrations in their strategic planning role under Sam Sang. Based on the discussions, MoHA and relevant ministries will consider further how to use DDF modality in the emerging updated government systems, as DDF could be a good factor to support Sam Sang goal to delegate more responsibility to sub-national levels.

131. In April 2015, the GSWG forum provided an opportunity for concerned parties to further understand and to discuss the national anti-corruption legal framework and operations, inspections and results. The State Inspection Agency informed the participants on the challenges and exercise of their mandate, including successful criminal prosecutions and penalties including jail following due process via the justice system.

People's participation

132. Lao PDR has various channels and forums for participation. These range from indirect participation through representative institutions such as the National Assembly, approved Party mass-organisations and formal business associations. Participation also takes place through other interest groups, civil society organisations (CSOs), Non Profit Associations (NPAs), the media and other forms of communication.

133. To meet its domestic objectives, regional obligations and desire to ensure the rights of all citizens, MoHA is leading the process of ensuring that every citizen is included in a national Vital Registration system including births, marriage, divorce, death, etc. The omission of a citizen from such a national register may deprive that person of their fundamental rights to participate and benefit from being a legally recognized citizen of the State. The GSWG met in April 2015 to discuss the plans and progress for civil registration of citizens and also discussed people's participation through engagement in the justice system at grass roots level, including voluntary village mediation mechanism, to formal local Courts.

134. People's participation in affairs of the country is complex and multi-faceted and understandably may often be open to different understandings in different locations and times. The GSWG organized a panel discussion, which brought together panelist and their views, from government, civil society and development partners in August 2015. This open and productive exchange of views and experiences has helped towards creating a common understanding of what people's participation could and should mean in the Lao PDR context and in development effectiveness. One of the main outcomes of this workshop was also suggestions for further topics of discussion under People's participation, and how

to take them forward under GSWG Public Service Improvement sub-Sector forum and also under other Sector Working Groups, as it is a cross cutting issue.

National Assembly

135. Over the past five years, the National Assembly has played an increasingly important role in legislation process prior to the adoption of Laws, providing oversight of public services, and enhancing people's participation in the decision-making process through such tools as the hotline, petitions, and public hearings. A constitutional amendment is scheduled to be adopted at the last Ordinary Session of the current Legislature in December 2015, which is expected to pave the way for establishing local assemblies, which will fundamentally change the political architecture at the sub national level. Under the new Legislature coming up in 2016, the NA's 5-year legislative plan is also expected to be renewed, further solidifying the existing legal framework. In terms of the donor coordination, the creation of the International Cooperation and Project Management Secretariat has essentially established a mechanism for the National Assembly to centralize all the support from development partners.

Civil Society

136. There has been increasing recognition by both central and local government agencies of the valuable role of civil society as service provider. The Vientiane Declaration and the VDII, highlights the importance for increased engagement of INGOs and NPAs in the country socio and economic development process, Decree 115 of 2009 on Associations marked an important step in the formal recognition of NPAs as partners in development. Approximately 149 NPAs have since been registered. These organisations are engaged in community development activities as well as in advocacy and policy dialogue, to the benefit of development policy formulation in an inclusive and bottom-up approach. Following a number of consultation involving INGOs, development partners and representatives from various ministries the INGO implementation guideline were finalised and approved by the Office of the Prime Minister in 2015. A regular mechanism established to discuss the implementation of INGO guidelines, amongst INGOs, DPs and MoFA at the national and provincial level was seen as a step forward. Dissemination of the INGO guidelines was also a topic of the GSWG meeting in August, together with an update report on the status of the revision of the NPA decree and Foundation decree that have been submitted to government for decisions, also having under gone a number of consultations with stakeholders. Among the key changes are (i) the amount of external contribution that NPAs can accept without the need for prior approval and (ii) role of various Ministries in the registration process. Ministry of Home Affairs has a legal responsibility for the proper administration of NPA and Foundations and a curriculum for improving the understanding of the relevant administration charged with facilitating CSO work in the country has been actively developing the necessary administrative and organizational capacities at all levels. A GSWG meeting discussed the themes of the new CSO management database (and MoHA's 5 year plan 2016-2020) in December 2014 (which was not in time to be reported in the GSWG Report to the RTM in 2014).

Legal Sector/Rule of Law

137. The 2nd cycle of the Universal Period Review for Lao PDR took place this year. The LIOSWG was convened at two very decisive junctures of the UPR review process. Prior to preparing the report on the 1st UPR cycle the Legal and Institutional Oversight (LIO) forum was convened to discuss lessons learnt from the previous cycle and discuss key factors which need to be highlighted in the 2nd cycle report. Following the 2nd review the forum was convened again to discuss potential recommendations which would be accepted by the government. Several suggestions made during the forum are now being

transformed in to action. The need for a robust monitoring system to track progress of the UPR recommendations were identified as a vital gaps that needs immediate attention. Following the session several discussion were held with MOFA to institutionalize an action plan embedded within a forum which can act as a mechanism for coordination and monitoring. The action plan discussions with stake holders including development partners and CSOs are expected to commence in the coming months.

138. The people's justice survey was an important initiative carried out by MOJ and SPLSMP with the objective of documenting the status quo of the justice sector. The survey findings will be used as a basis to measure the impact of reforms initiated by LSMP. A dedicated session to discuss the findings of the survey was organized under the subsector frame work. Findings of the survey such as low level of legal knowledge among general public, capacity gaps in the justice system and need for more people centered service delivery has only reinforced the need for demand driven law reforms. Representatives from government agencies and the CSOs present at the sessions gained clear insight to social dynamics concerning justice and is expected to be using survey findings to tailor their ongoing as well as future interventions in the sector

139. The rapid integration of the Lao PDR in the global market economy, together with the objective to achieving a full Rule of Law State by 2020, creates the need for more sophisticated legislation to be adopted rapidly in a broad range of areas. The law making manual developed based on the law on laws 2012, by the project was done to support Lao PDR to follow essential principles in the law making process; transparency and inclusive participation. The drafting of the penal code was discussed as case study highlighting the benefits the drafting process received from public consultation. During the session several forward looking steps were identified. The recommendations include wider advocacy campaigns and dissemination efforts to inform public of laws being drafted, public participation in village regulation making, need of clear and comprehensive impact assessment reports, building technical capacity of law departments responsible for law making, clear monitoring mechanisms to ensure drafting of laws are meeting required stands and use of CSOs in law dissemination. The session was held in August 2015 and discussions are underway with the MOJ to further improve the law making process.

Population, Gender, and Advancement of Women

Population Development

140. Population is the key factor for national development as both economic and social sectors all needs knowledgeable human resources to contribute to the development. Currently, Lao PDR has small population compared to that of neighboring countries and majority of the population is mostly youth with 57.5% of the total population are in the age of below 25. Comparing to Vietnam, Thailand and Cambodia, Lao has the most youth composition of population and will continue to increase. However, the Lao youth population still has low skill level and is not being able to meet the current development demands.

141. Population below at the age of 20 and below covers about 46.7% of the total population is considered to be the core labor of the country. But the contribution rate of these labors is still very low resulting in missing an opportunity to gain from the 'demographic dividend'. Therefore, in order to benefit from having youth population, the Party and the Government has been focusing on improving and developing human resources especially in increasing more investment on education and health sectors, so that people receive education, are knowledge and healthy. In addition, the government has also focused on developing labor skills.

142. Even though the government has put more efforts on population development, this is still a challenging issue the education level, labor skills and high maternal and infant mortality rates which calls for more investment in these areas by identifying clear work plan, financial plan and implementation measures to achieve these goals in the remaining time period of the 7th NSEDP.

Gender Development and Gender Equality

143. Lao Women Union (LWU) has encouraged and mobilized multi-ethnic Lao women to study the Party directions, constitution, Government laws, international laws and treaties, the resolutions of the VI Congress of Lao Women's Union, the history of the Party, the nation, Lao women historic characteristics through different means and ways, with total participants of 623,000 people, covering 65% of the total LWU members. The LWU Historic room has been improved both on the content and appearance with 1,081 visitors, 1,067 of whom are female and 14 are male.

144. The LWU at each level has improved planning, leading and working approach especially through capacity training to 142 LWU at district level throughout the country with the total participants of 350 people. In addition, trainings on leading and managing women union related work as well as advocacy trainings have been provided to 158 participants. Officials, LWU members and multi-ethnic Lao women have increasingly received capacity enhancement on various aspects such as political theory, professions, technical, vocational, and foreign language training.

145. The preparations and organization of grass-root women union congress have been 70% accomplished to mobilize women union movement to prepare and organize the Women Union congresses at district, provincial, municipality, ministerial and central levels, leading the drafting of Law on Lao Women's Union which is completed at fundamental level.

146. LWU has also led the implementation of the '3 Goods' campaign – good citizen, good development and good family – contributing to increasing political understanding, knowledge and skills to be able to earn income for self and families. Through the assessment of the implementation of the '3 Goods' campaign, it has been concluded as follows: there are 426,717 members of LWU who have met '3 Goods' criteria covering 81.49% of the total participants, there are 249,182 families qualified as 'good and happy families, 2,701 village women unions and 31 district women unions that met '3 goods' criteria.

147. In conjunction, the Lao Women's Union has also focused on protecting women and children's rights and benefits and promoting gender equality, which is demonstrated by the following tasks:

- LWU has reviewed and provided comments on various policies, laws and programs of sectors that are related to development and protection of women and children's rights, in particular the on the draft
- Civil Servant Law on the female civil servants retirement age. Reviewed and provided comments on the national policy on population and development, reproductive health, national socio-economic development plans, and integrating gender into each sectoral area.

148. The WU at all levels has duly carried their function in providing counseling services to women and children who encountered problems and coordinated with concerned organizations in solving the problems, mediating on issues for the women to protect and

bring about their rightful benefits to women and children. Disseminations and campaigns against the use of violence against women have been carried out through media and various activities to increase awareness by families and society on the issue and to end violence against women and children.

149. LWU has actively contributed to the implementation of the National Socio-Economic Development Plan as well as the MDGs by focusing in particular on the MDG 3 –Gender Equality and the target on reducing maternal and child mortality. For instance, through collaboration with Ministry of Health, LWU organized training on basic knowledge on nutrition, preparation of food supplements for children to women at the village level and contributed to develop 1,500 health facilitators at village level (600 females and 900 males).

150. In an effort to meet the targets of increasing the number of female staff in accordance with the 9th Party Congress Resolution, the LWU has coordinated with the party's committees and organizations at various levels in determining women staff development plans. The central LWU has also defined its staff development plan aiming to train staff who are working on women related issues at all levels. LWU members as well as many Lao women have actively developed their firm political value, revolutionary quality and morale and knowledge and capability so to suit the positions and functions entrusted by the Party and State. Consequently, the number of women in leadership level in each area covers about 5.4% against the target of 15% as determined by the 9th Party Congress Resolution. To enhance the employability, labor skill development and SMEs, the central LWU has designed training curriculum and conducted vocational training for women especially poor and deprived women.

151. LWU has continued the cooperation with women's organizations of the strategic friendly countries, the world friendly countries and the ASEAN women; it succeeded in hosting the 1st ASEAN Ministerial Meeting on women, which adopted the Vientiane Declaration on "gender promotion and ASEAN women partnership for sustainable environment"; this will further uplift the Lao women's role in the international forum.

Promoting Advancement of Women

152. To implement the policy directions of the Party and the Government on promoting the advancement of women as specified in the 9th Party Congress and the 7th Five-Year National Socio-Economic Development Plan (2011-2015), through the implementation of work plan, there have been significant achievements such as: completed the development of the 2nd Five-Year National Strategic Plan on the Advancement of Women (2011-2015) and integrated this strategy into sector and local strategy.

153. Various campaigns and awareness raising activities have been implemented to advocate and raise awareness for government officials and people in general on understanding of gender, promoting advancement of women, the Convention on Eliminating All Forms of Discrimination Against Women (CEDAW), acting against all forms of violence to women in order to free oneself as well as the Lao society as a whole from violence against women and children and realizing gender equality between women and men enabling the country to graduate from least developed country status gradually. In addition, the website of National Commission for the Advancement of Women (NCAW) has been developed (www.laonkaw.gov.la), advocacy materials were also developed and printed such as: 6th and 7th National Periodic Report on the implementation of the CEDAW in Lao PDR and concluding observations on those reports, the CEDAW, the Doha Declaration, newsletters, notebooks, pens, bags, NCAW pins.

154. Seminars and training on gender mainstreaming into sectors and local levels have been conducted. The structure of the Lao National Committee for the Advancement of Women at the national, ministry, organizational, provincial, municipality, districts and village levels have been reorganized in conjunction with the establishment of assistance mechanism to CAW at each level in accordance with actual implementation. The sector has also been collaborating with the Central Party's Personnel Committee on translating resolution on developing female officials and female ethnic officials, integrating gender and anti-domestic violence especially against women and children into poverty criteria and development criteria as well as carrying out dissemination campaigns and implementing in the government focused areas.

Illicit Drug Control

155. Drug policy in Laos has had to tackle three separate, albeit overlapping problems. The first is the fact that the country remains a significant producer of opium. Preliminary data from UNODC suggests that the total area under opium cultivation in 2015 was 5,900 hectares, down from 6,200 in 2014. In most of the areas targeted by alternative development interventions (often referred to as 'AD projects'), opium production has actually *reduced significantly*, and in many areas it has stopped completely. Opium use has also *fallen sharply* in villages where AD projects have been implemented. The vast majority of AD projects have served to increase incomes and boost the standards of living for farmers in areas where opium was previously grown, thus reducing the need to cultivate opium for survival. Regrettably, by the end of 2015, there is only one AD project being implemented in Lao PDR. Most importantly, there are no AD interventions in Phongsaly - the province in which 57% of all Lao opium is grown.

156. The second problem, which drug policy has to confront, is that drug use, and in particular the use ATS or *yabaa* as it is known, appears to be on the rise. Drug use can develop into disorders. The policy response to drug use is based on a public health approach. The Lao Government has continued to invest in in-patient drug treatment centres as its primary response; a total of eleven centres were operational by mid 2015, and another five will be completed in the next few years. This may alleviate the overcrowding that is experienced in many of the country's drug treatment centres. At the same time, UNODC and a number of international partners have invested in a community based treatment pilot project.

157. The third main problem is that significant quantities of opiates, ATS and precursors continue to be trafficked through Laos to neighbouring countries, from where some of it is re-exported to markets with higher purchasing power and demand. Further investments have been made in improving border control, especially in the network of border liaison offices. At the same time, the criminal justice system has sought to direct its resources towards the people and networks that orchestrate, manage, and control the drug industry instead of pursuing non-violent drug users and minor hawkers in the market.

Chapter 3 – An Executive Summary of the 8th National Socio-Economic Development Plan (2016-2020)

3.1 The context of the 8th National Socio-Economic Development Plan 2016-2020

3.1.1 8th NSEDP Background

158. The 8th National Socio-economic Development Plan (2016-2020) (8th NSEDP) is set in the context of the government's longer term planning and in particular the 10 year plan to 2025 and the 2030 Vision. Both of these are currently being prepared⁵ in tandem with the preparation of the 8th NSEDP. Overall, the aim is to prepare Lao PDR for post LDC graduation and it is recognized that growth in productivity is essential, along with consolidation of knowledge and skills, realization of comparative advantage, acquisition and application of science and technology and continued diversification. These components of transforming the economy require public and private investment, industrial policy which is linked to agriculture, services, education and technology and greater integration into the regional and global economy and value chains.

159. The 8th NSEDP has been designed to consolidate the trends which will lead to this longer term transformation. External events also help to focus government longer term development policies:

- (i) Recent falls in commodity prices suggest that over-reliance on the mining sector should be avoided;
- (ii) Government prioritizes energy (hydro) over mining, but the prospect for the energy sector is also insecure with enormous potential competition from Myanmar which will be selling power to the same markets as does Lao PDR;
- (iii) The Asian Economic Community (AEC) and transition from Greater Mekong Sub-region (GMS) to ASEAN presents opportunities and threats; and
- (iv) The emergence of new players – South-South and the increasing relevance to Lao PDR of its major South-south partners Vietnam, Thailand, PRC, Malaysia and India) and new development banks (Asian Infrastructure Investment Bank, BRICS, South-south Exchange Trust Fund and One Belt One Road, as examples, could present new opportunities for Lao PDR⁶.

160. The Government of Lao PDR has also taken great care to ensure that the preparation of the 8th NSEDP is evidence based and lessons learned from implementing the earlier 7th NSEDP have been identified along with remaining challenges. Challenges remaining include:

- (i) Adequately stimulating the non-resource sector and making the private sector a cornerstone of future development;
- (ii) Increasing the competitiveness of small and medium enterprises (SMEs) in order to be a foundation for the growth and employment as well as for poverty reduction;
- (iii) Developing entrepreneurs' technical and professional skills by strengthening marketing capacity, mobilizing financial resources for enterprises and businesses and improving the business climate within the framework of

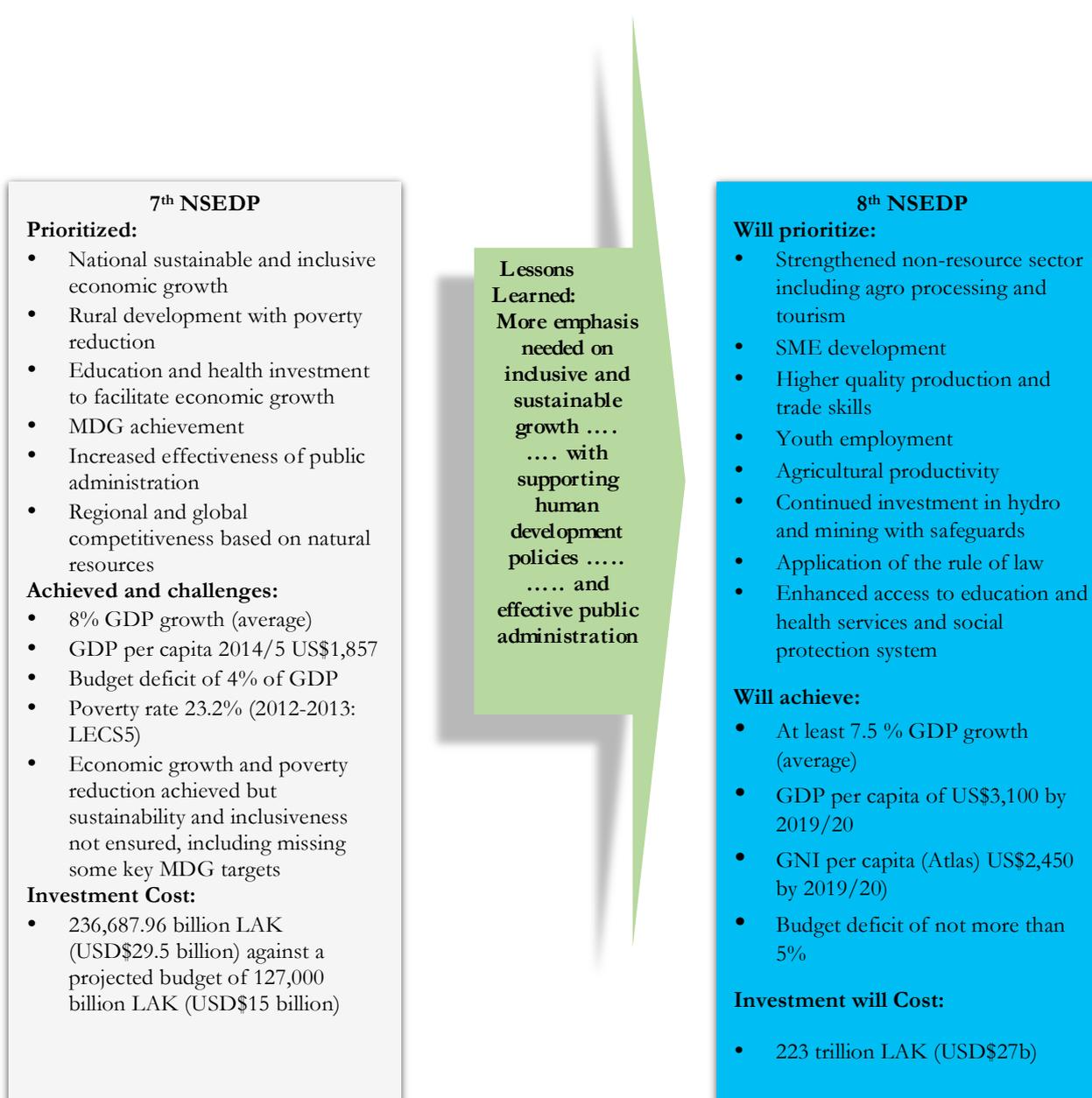
⁵The National Economic Research Institute (NERI) takes the lead in the preparation of these.

⁶The draft "Development Finance and Aid Assessment for Lao PDR" report (UNDP 2015) recommends the establishment of a high-level (cabinet level) committee to coordinate South-south cooperation

maximizing the benefits of WTO membership and preparing for integration into ASEAN Economic Community;

- (iv) Further development of infrastructure for small and medium enterprises and human resources, enabling the people, farmers and entrepreneurs“ to access business, economic, social and cultural services;
- (v) Assessing the impact of land concessions and land lease on agriculture sector in order to manage concessions more effectively;
- (vi) Continue implementation of the Millennium Development Goals with special focus on the off-track MDGs and adapt SDGs to the Lao development context through Green Growth implementation strategy and integrate them into the Plan; and
- (vii) Protect the environment by focusing on environmentally friendly production. The Figure in ANNEX 1 highlights shift in policy emphasis between the 7th and 8th NSEDPs.

Figure 3.1 - 7th and 8th NSEDP policy emphasis



3.1.2 Demographic Context

161. The current population annual average population growth rate is between 1.7% and 2%⁷. An event which will affect planning in various ways will be the publication of the results of the decennial census, with preliminary results in late 2015 and full results expected in Q2 of 2016. Lao PDR is facing considerable population growth. The current official population projections show an increase of between 1.71 and 1.91 million between 2015 and 2030, and a population of between 10.25 and 10.72 million by 2050. Over the 8th Plan period, the number of school-aged children (5-14) is projected to decrease by 3.7%, while the working-age population is expected to increase by 10.6% and the elderly population by 10.1%.

162. The census results will allow testing of important assumptions which are currently being made on the basis of very old data. Important amongst these is the assumption that because the age structure still reflects the high fertility of the past, there are successively large cohorts moving up through the age pyramid. This leads to growth through “population momentum” – meaning that population will keep increasing long after fertility falls to replacement level. The changing age structure of Laos’s population is leading to what is referred to as the “demographic bonus”, meaning that the proportion of the population in the working age groups will increase, so that there are fewer dependents for any one worker. It will start to rise slowly after 2050. The implication is that the provision of high quality jobs for the growing working age population is required for Lao PDR to fully benefit from this comparative advantage.

3.1.3 Graduation from Least Developed Country Status

163. The 8th NSEDP responds to the strong political commitment to graduation from LDC status by 2020 and a part of the overall objective of the draft 8th NSEDP is achievement of the graduation from LDC status. The LDC graduation criteria include:

- (i) GNI per capita (the currently used threshold is US\$1,242);
- (ii) Human Asset Index (HAI), including sub-criteria:
 - a. % of population undernourished;
 - b. Mortality rate for children 5 yrs. and under;
 - c. Gross secondary school enrolment ratio; and (d) the adult literacy rate; and
- (iii) Economic Vulnerability Index (EVI), including sub-criteria:
 - a. Population size;
 - b. Remoteness;
 - c. Merchandise export concentration;
 - d. Share of agriculture and forestry in GDP;
 - e. Instability of exports of goods and services;
 - f. Share of population which have been victims of natural disasters; and
 - g. Instability of agricultural production.

It should be noted that whilst achieving these criteria is at the core of the draft 8th NSEDP, the draft plan also acknowledges the emerging view⁸ that graduation from LDC status in

⁷ Estimate provided by the Lao Statistics Bureau. A population census was completed in 2005 and a further decennial population census was undertaken in 2015, with preliminary results expected in the first quarter of 2016.

⁸ Put forward strongly by National Economic Research Institute.

2020 whilst theoretically possible,⁹ is not actually necessary¹⁰ and it may not be advantageous to graduate too soon.

164. UNCTAD¹¹ has confirmed that Lao PDR narrowly failed to achieve the GNI per capita criteria in the 2015 Committee for Development Policy (CDP)¹² assessment of LDC's which are being considered for graduation. Similarly the Lao PDR did not qualify under the HAI criteria in the 2015 CPD assessment. What is clear is that Lao PDR is improving its performance on the GNI per capita and all the HAI indicators and the focus of the 8th NSEDP is consolidation of HAI indicator performance trends by strengthening ongoing government and associated development partner interventions.

165. The Economic Vulnerability Index (EVI) is the most difficult set of criteria for Lao PDR to achieve. Based on analyses provided by UNCTAD the following key points are noted:

- (i) On the remoteness indicator it helps that Lao PDR has large trading nations as neighbors as this reduces remoteness and the main trading partners of Lao PDR are Thailand (Lao PDR exports to Thailand 2010-2012 37.4%); PRC (Lao PDR exports to PRC 2010-2012 26.8%) and Vietnam (Lao PDR exports to Vietnam 2010-2012 14.4%)¹³;
- (ii) Lao PDR is also diversifying the sectors which are producing exports and although diversification is not yet sufficient the trend is for greater diversification;
- (iii) The share of the agricultural and forestry sector is reducing and this reduces the impact of shocks;
- (iv) Lao PDR exports of goods and services is stabilizing; and
- (v) The share of population which have been victims of shocks is reducing and agricultural production is stabilizing – becoming less vulnerable to shocks. As with the HAI criteria indicators all these EVI indicators suggest that Lao PDR's development trajectory is promising and the purpose of the 8th NSEDP is to consolidate the trends.

3.1.4 Application of a New Approach to NSEDP Planning

166. For the first time the 8th NSEDP has been designed as a results-oriented plan. The Plan's Overall Objective is derived from directions from Party Resolution and Government and a thorough analysis of what has been achieved in the 7th NSEDP to date, the reasons for successes and the reasons for the challenges which remain and analyses of external issues arising have also been undertaken.

167. The Overall Objective has at its core eligibility for graduation from LDC status and to achieve this core objective the 8th NSEDP has been designed with 3 Outcomes, each with a set of Performance Targets, achievements of which are necessary within the Plan period if the Overall Objective is to be achieved. The 3 Outcomes are based on the 3 categories of assessment required for recognition as being eligible for graduations from LDC status.

⁹Subject to achievement of at least two of the three main criteria in UN assessments to be made in 2015 and 2018 and, if necessary, 2021.

¹⁰It is argued that the decision on when to graduate should be taken only after careful consideration of the benefits and dis-benefits of graduation.

¹¹The United Nations Conference on Trade and Development (UNCTAD).

¹²The CDP is a subsidiary of the United Nations Economic and Social Council.

¹³UNCTAD 2015

168. In turn, the design of the 8th Plan has identified 20 Outputs, the Performance Targets of which must be achieved if the 3 Outcomes are to be achieved. Additional Cross-cutting Outputs have been identified and the Performance Targets of these need to be achieved for the 3 Outcomes to be reached. Broadly speaking, the performance targets of the Overall Objective and Outcomes are national level measures and the performance targets of the Outputs are divided into priority targets monitored at national level and other Output targets will be monitored at line ministry and provincial levels.

3.1.5 Participatory Development of the Plan

169. The 8th NSEDP has been prepared by DoP/MPI as a National Planning Secretariat in consultation with line ministries, provincial authorities, the National Assembly, academia, private sector, and international development partners including INGOs.

3.1.6 Lessons learned to be applied to 8th NSEDP design and formulation

170. Continue improving and modifying guidelines with comprehensive principles of the party, along with continued action to achieve 4 breakthroughs; ensure political stability, social peace and order; promote stronger unity of the people of all ethnic groups are fundamental to the socio-economic development to continuously progress with strong stability.

171. The development of the country must consider to create value chains and networks for the production, coordination between the various parties in society is essential and correlation on economy between villages, districts and provinces needs to be further expanded and promoted for better facilitation on land-link and logistics between the region; the coordination and consistency of development planning of each sector have to be further harmonized and support each other.

172. There is a need on labor supply and ensure market needs are met with conformity to the policy and development of the country; upgrading and improving on infrastructure to support the development and to respond to the needs of people or entrepreneurs where critical is also crucial.

173. Maintaining macroeconomic stability is a factor essential to the socio-economic development and ultimately is to improve the people's living condition. To achieve stable and sustainable growth rate with economic stability and sustainability is necessary to encourage and promote the diversification of production using modern and appropriate techniques and consistent with the market.

174. Expanding cooperation either bilateral or multilateral is the main factor of economic growth and openness; thus it is very important to keep continue implementing the cooperation and integration policies in most effective manner, good national practice and promote harmonization with the strategic neighboring countries.

175. Build the foundation for the politics and comprehensive rural development by following 4 contents and 4 targets of the poverty; systematically and continuously support the development with priorities by domestically and internationally promoting the economy using potentials and characteristics of each locality as foundation for rural development and poverty eradication of the people through the promotion on commercial production; raise the patriots and establish development villages; carry out 3-build directives regularly where necessary.

176. Human resources development is a key for developing countries because human carry out every action, policies and programs. Therefore, it is important to concentrate on human resources development actively and regularly.

177. Improvement on legislation to protect the rights and interests of the country is necessary; dissemination of laws and regulations to the public is necessary to ensure a uniform practice. Coordination, consistency, harmonization and systematic implementation among the sectors at the central and provincial levels as well as vertical coordination is necessary to achieve the country's overall objective.

178. Improving the monitoring, evaluation and reporting of socio-economic development plan implementation with the practical tools is required to ensure highly effective implementation of the socio-economic development plan and that the plan is accountable.

3.2 The design of the 8th NSEDP

3.2.1 Overall objective and outcomes

179. Linking the achievement of LDC graduation criteria to inclusive and sustainable economic growth, the draft 8th Plan also recognizes that: (i) achievement of HAI targets contributes to inclusiveness and provision of better educated work force; and (ii) without reduction in economic vulnerability it will be difficult to achieve sustainable economic growth. The linked LDC graduation and continued inclusive and sustainable economic growth components of the 8th NSEDPs are reflected in the overall objective of the 8th NSEDP and are also reflected in the 3 outcomes by supported from cross cutting sectors.

180. The Overall Goal also acknowledges that there are associated development priorities and these include achievement of the off-track MDG targets, adaptation of SDGs to the Lao PDR context¹⁴, sustainability of economic growth, inclusive economic growth and enhanced environmental management. These are associated with the criteria of LDC graduation but need to be stated to broaden out the aims of the 8th NSEDP.

OVERALL OBJECTIVE: continued political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of the status of LDC by 2020 through continuous, inclusive along with sustainable growth and green growth development; maximum effective management and utilization of natural resources; the development enhanced through the national potentials and advantages; participated in regional and international integration with ownership

OUTCOME 1: Continued, firm and inclusive growth by developing the strong economic foundation and reducing economic vulnerability

.... *in association with*

OUTCOME 2: Human resources have been developed and capacity of both public and private workforce is upgraded; Poverty in all ethnic people is reduced, all ethnic groups and all gender have access to quality education and health services through achievement of SDGs; Promote, protect and develop the unique culture of the nation; maintained political stability, social peace and order, justice and transparency

¹⁴The 8th NSEDP has been designed to be consistent with the SDGs and the SDGs will be fully incorporated as part of the process of SDG adaption to the Lao PDR context.

... in association with

OUTCOME 3: Natural resources and environment are effectively protected and utilized according to green and sustainable direction; Readiness for coping with natural disasters and climate change effectively and reconstructing the damages from natural disasters for the better.

<p style="text-align: center;"><u>Outcome 1</u></p> <p>Continued, firm and inclusive growth by developing the strong economic foundation and reducing economic vulnerability</p>	<p style="text-align: center;"><u>Outcome 2</u></p> <p>Human resources have been developed and capacity of both public and private workforce is upgraded; Poverty in all ethnic people is reduced, all ethnic groups and all gender have access to quality education and health services through achievement of SDGs; Promote, protect and develop the unique culture of the nation; maintained political stability, social peace and order, justice and transparency</p>
<p>Continued political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of the status of LDC by 2020 through continuous, inclusive along with sustainable growth and green growth development; maximum effective management and utilization of natural resources; the development enhanced through the national potentials and advantages; participated in regional and international integration with ownership</p>	
<p style="text-align: center;"><u>Outcome 3</u></p> <p>Natural resources and environment are effectively protected and utilized according to green and sustainable direction; Readiness for coping with natural disasters and climate change effectively and reconstructing the damages from natural disasters for the better.</p>	<p style="text-align: center;"><u>Cross-cutting themes</u></p> <ul style="list-style-type: none"> • Promote local innovation and utilisation of science, technology and telecommunication and management and application of ICT • Promote and Develop gender equality, Juveniles and Youth • Enhance effectiveness for public governance and administration

3.2.2 Outputs to achieve Outcomes

181. Mostly, Outputs to achieve the Outcomes will be achieved at sector /ministry level with aligned provincial government support. Outputs which need to be achieved at line ministry / provincial level include:

Outputs of Outcome 1

Output 1 – Sustained and Inclusive Economic Growth

Output 2 – Macro-economic Stability

Output 3 – Integrated Development Planning and Budgeting

- Output 4 – Balanced Regional and Local Development
- Output 5 – Improved Public/Private Labour Force Capacity
- Output 6 – Local Entrepreneurs are competitive in Domestic and Global Markets
- Output 7 – Regional/International Cooperation and Integration

Outputs of Outcome 2

- Output 1 – Improved Living Standards through Poverty Reduction
- Output 2 – Food Security Ensured and Incidence of Malnutrition Reduced
- Output 3 – Access to High Quality Education
- Output 4 – Access to Health Quality Health Care and Preventative Medicine
- Output 5 – Enhanced Social Protection/Welfare
- Output 6 – Protection of Traditions and Culture
- Output 7 – Political Stability, Order, Justice, Gender Equality

Outputs of Outcome 3

- Output 1 – Environmental Protection and Sustainable Natural Resources Management
- Output 2 – Preparedness for Natural Disasters and Risks Mitigation
- Output 3 – Reduce Instability of Agricultural Production

Outputs of Cross-Cutting Issues

- Promote local innovation and utilisation of science, technology and telecommunication and management and application of ICT
- Promote and Develop Gender Equality, Juveniles and Youth
- Enhance effectiveness for the public governance and administration

3.2.3 Activities to achieve Outputs

182. Indicative Activities to achieve Outputs have been identified by DoP / MPI, line ministries and development partners and these continue to be discussed in detail and refined with ministries / sectors and provinces. Resources to implement Activities also continue to be discussed including human resources and financing – this process will be repeated each year as part of annual plan and budget preparation and will be based on reviews of progress with the implementation of the 8th NSEDP.

183. Financing of Activities is linked to Public Investment Program (PIP) preparation and this is logical as many of the Activities will be financed through government and ODA funded projects and programs. This is also particularly useful as it has been agreed within government that the PIP will be in the form of a 3-year rolling program and instruments have been designed for the collection of demand data by ministries and provinces. What are needed to make this optimally effective are appropriate budget ceilings to be available at the time of discussing NSEDP Output linked Activities with the PIP rolling program.

3.2.4 Performance Indicators and Targets

184. The Overall Objective, Outcomes and Outputs are accompanied by Performance Indicators and associated Targets. DoP/ MPI tother with concerned stakeholders will be responsible for monitoring at Outcome and Overall Objective level and will also be responsible for monitoring specified core Output level Performance Indicators and Targets. Other Output Indicators and Targets will be monitored by line ministries / sectors¹⁵ and provincial governments. Indicators and Targets have been identified in detailed discussions

¹⁵The M&E Framework will be presented in the final version of the Plan.

with line ministries and with substantial support from development partners. This work will be finalised and approved by early 2016.

3.3 Key Initiatives of the 8th NSEDP 2016-2020

185. Continued economic growth (averaging not less than 7.5% per annum over the period of the plan) which is inclusive and sustainable is targeted in the 8th NSEDP and it is noted that inclusive economic growth requires accelerated efforts to create the conditions in which SMEs and micro-enterprises can be established and can flourish.

186. As was already evident at the time of the formulation of the current 7th NSEDP, the disadvantages and risks of increasing dependency on natural resource exploitation are recognized and it is noted that the importance of continuing to diversify the economy has been increasingly recognized throughout the 7th NSEDP implementation period¹⁶. To ensure inclusiveness, small and medium-sized enterprises (SMEs) and micro-enterprises are expected to play a key role in the development of the non-resource sector. Strengthening entrepreneurial and technical skills, providing financing, transforming the regulatory environment into a facilitating environment are all still recognized as major continuing challenges.

187. It is also recognized in the 8th NSEDP that the country is experiencing rapid urbanization, but this is taking place with insufficient urban planning which leads to inefficient land use, lack of access to urban services and environmental damage. It is noted in the 8th NSEDP that small and medium sized towns could play a key economic role in facilitating the provision of off-farm employment opportunities and supporting a process of rural industrialization.

188. **Key economic initiatives:** a stable economy as a platform for sustained and inclusive economic growth, with:

- Consolidated macro-economic management including integrated development planning and budgeting
- Continued energy and mining activities with enhanced environmental sustainability
- Consolidated non-resource sector, including agro-processing and tourism, with accelerated public and private investment
- Balanced regional and local development
- Improved public/private labor force capacity
- Labor force capacity better matched to employment market demand through improved partnerships with business
- Lao PDR effectively facilitates opportunities for its young population (i.e. demographic dividend)
- Local entrepreneurs are competitive in domestic and global markets
- Support to increase entrepreneurial skills development, with priority on the non-resource sector (including agro-processing and tourism)
- Regional and international cooperation and integration
- Trade and transport facilitation an investment priority with GMS and AEC support

¹⁶For example through the fluctuation in gold, silver, copper and potash prices and through the growing awareness of the strong competition for hydro-energy markets from Myanmar in the longer term (the Ministry of Mines and Energy estimates that Myanmar has triple the capacity for hydro-power generation for export than Lao PDR).

- Enhanced integration among provinces and regions facilitating the creation of supply chains

189. **Key Social initiatives:** improved living standards and participation in economic growth, with:

- Improved living standards through poverty reduction
- Individual, household, village and district income poverty rates reduced through accessible on and off farm employment
- Strengthened social protection services including creation of social safety nets and development of a comprehensive social work system to support the disadvantaged
- All development is people centered
- Food security is ensured and incidence of underweight / malnutrition is reduced
- Food production improved with emphasis on the nutritional value of accessible food, nutrition education strengthened and accessible health services
- Enhanced access to high quality education and health care (including preventative medicine)
- Improved “foundation skills” including literacy and numeracy by improving access to educational opportunities for all children, men and women
- Improve access to health care and preventative medicine with special attention on maternal health
- Protection of traditions and culture

190. **Key environmental initiatives:** environmental protection and sustainable natural resource management:

- The 8th Plan promotes, regulates, manages, enforces and monitors environmental protection and the sustainable utilization of natural resources with equitable and fair access to land through good and sustainable land management and secured land rights for all people.
- Green growth strategies to consolidate resilience.

191. **Key public governance and administration initiatives:**

- Implementation of the Legal Sector Master Plan
- Legal framework harmonized with regional standards and in compliance with international legal obligations
- Institutional capacity development of all justice providers to deliver quality and efficient justice services
- Improvement of human resources capacity to effectively address contemporary justice issues and deliver people-centered services
- Outreach of justice services to all segments of population including the socially disadvantaged and vulnerable groups

192. **Key Public Service improvement initiatives:**

- Sam Sang continues as central policy to 2020
- One-door-service improvement and citizens’ services from other service sectors enhanced
- The revision of the Constitution, and related legislation on center-local relationships

193. **Key People's Participation initiatives:**

- Strengthened public participation and oversight in the development process by strengthening the role of civil society, media and the development of local councils, including CSO participation

3.4 Fundamentals of the 8th NSEDP Financing

194. Mobilize all sectors in the society to participate in research sources of funding for the development to meet the targets specified in the NSEDP VIII through, such as, the round table meeting to mobilize funding from external grants and loans, encourage investment from private domestic and foreign investors to contribute more actively by focusing particularly in quality investments in the economic and social sector linking closely to rural development and poverty eradication. Accurately identify investment proportion from the state budget and reflect the actual development and ensure that highest effective use of the budget.

3.4.1 Macro-economic framework and stability

195. It is important to create macroeconomic framework and financial reporting system to be accurate and fast, regularly monitor the macroeconomic situation and settle public debts through macroeconomic sector working group, set up policies and measures to address timely especially impacts on local macroeconomics from economic crisis at the regional and international level.

196. The Government will continue to research and implement policies that support the development of economic sectors to be strong, consistent and reinforce each other:

- Continue to improve, expand, upgrade efficiency and effectiveness of state owned enterprises to be strong and become basis for other economic sectors. Enterprises that are ineffective shall be terminated or shifted into other approach of doing business. Meanwhile, it is required to improve the laws and regulations including implementing mechanism that suit actual conditions.
- Continue to improve and promote the private sector including people participation to be active in contributing into development process particularly promote active businesses with strong ownership and effort to develop their businesses to grow strong and competitive.
- Pay attention on improving and establishing economic relations among the provinces to be stronger related and harmonized while reinforcing each other. Meanwhile, there is a need to strengthen the domestic markets for smooth and highly effective product circulation.
- Each province shall focus on research and identify the key potentials of their own to use them in improving basic economic foundation to be strong with quality and sustainable growth.

197. Some macro-economic stability factors include:

- A budget deficit of not more than 5% is planned for each of the five years of the plan
 - Internal domestic budget revenue of 20%-22% of GDP needs to be achieved
 - Total budget expenditure less than 28% of GDP
- Public sector salaries will not exceed 45% of domestic revenue
- GDP growth of not less than 7.5% pa will be achieved
- Inflation managed at less than 6%

- Exchange rate stability
- Foreign exchange reserves consolidated to at least five months of import coverage.

3.4.2 Investment Requirements – amounts and financing plan

198. A summary of the investment requirements is highlighted as follows:

- To achieve the GDP growth rate total investment of 223 trillion Kip (US\$27 billion) is required over the five-years¹⁷
- Government investment will need to contribute - US\$2.9 billion, an average about US\$584 million yearly – government revenue to achieve this is essential for adequate funding of the social sectors especially
- ODA will need to reach between US\$3.4 billion (five years) an average at US\$683 million per year – this level of investment is also essential to support all aspects of the Plan, facilitating investment including through support to the social sectors
- The private sector will need to contribute between US\$15 billion (five years), an average at around US\$3 billion per year through public private partnerships and private investment and the banks will need to contribute/lend at US\$5.4 billion (five years), an average at around US\$1 billion. Focus will be on the quality private investment.
- The 8th NSEDP focuses more on quality investments. With this level of investment (about 30% of total GDP) and with budget allocations reflecting the Plans priorities, inclusive and sustainable growth can be achieved, with an average annual GDP growth rate of 7.5%.

3.5 Roll out of the 8th NSEDP

199. To ensure achievement of the overall objectives of the NSEDP with concrete outcomes. The Ministers, the Provincial Governors – the Capital Governor shall raise responsibility clearly by following 3 builds oriented management mechanisms from the central level to the grassroots levels to facilitate the successful and effective implementation of the plan. Ministries, authorities at the central and local level shall translate 5-Year Plan VIII (2016-2020) into the actual action plans of sectors and provinces - grassroots as well as play a role in macro management by translating the targets, priority tasks into details that in line with their roles and ensure alignment between programs, budget and human resource plans.

3.6 Capacity Building

200. Capacity building plays an important role to ensure the successful implementation of the 8th NSEDP and to achieve certain unmet targets of the Millennium Development Goals and the Sustainable Development Goals (SDG) and to achieve rural development and poverty eradication. Key focuses include:

- Developing labor skills and create jobs that to meet market demand to support the development in each period.
- Promoting and encouraging commercial production.
 - Encourage production and service unit using results from science and technology to improve production and services, productivity and quality of products to be able to compete domestically and internationally
 - Meanwhile, promote close cooperation between suppliers of raw materials and producers of commercial commodities.

¹⁷ Assuming GDP deflator all years of 5%, ICOR of 4 and exchange rate kip/US\$8,300 all years.

- Develop promoting strategies for each product
- Improve the technology of post-harvesting by study and develop new technology for the farmers.
- Promote the establishment of business associations for local processing agricultural products example, farmer's group, processing group, exporter group and etc.
- Promote access to SME loans with establishment of a project to long-term support funds for the commercial banks that interested in provision of SME loans and establish provision fund to reduce risk for the banks and motivate them to provide their services to SME more.
- Increasing the effective of the public administration and social management
 - Advertise and disseminate Party Congress Resolution X, NSEDP VIII (2016-2020), the policies of the party and government as well as legislations to officers, military - police, students, intelligentsia, Lao citizen, domestic and foreign businesses to be well aware and knowledge about the content of these documents to effectively implement them with concrete results.
 - Increase coordination and harmony between the government agencies (vertically and horizontally), promote public-private partnership in implementing and monitoring the NSEDP through regular consultation about the development related issues. Establish a framework for collaboration between the public and private sectors to jointly implement the NSEDP within its timeframe.

3.7 8th NSEDP Monitoring and Evaluation

3.7.1 Key elements of the 8th NSEDP M&E system

201. In order to adequately monitor and evaluate progress of the 8th NSEDP, including MDG (and SDG) achievements, the development of a Monitoring and Evaluation (M&E) Framework is considered crucial. DoP/MPI took the lead to develop a 7th NSEDP M&E Framework and building on this, the DoP/MPI has been working on an M&E Framework for the 8th NSEDP which reflects the Outcome based structure of the 8th NSEDP.

202. The 8th NSEDP M&E Framework has been developed taking into account of:
- The long term strategies for national development (2025 and 2030) the implementation of the 7th NSEDP and the 8th NSEDP goals, direction, and targets,
 - The Statistics Law and the Strategy for National Statistical System Development;
 - Existing mechanism for the formulation and implementation of the Socio-economic Development Plans and the way in which M&E is included in the planning process;
 - Stakeholders contribution on the development of the 8th NSEDP and
203. Key elements of the 8th NSEDP M&E system include:
- Impact and Outcome levels of NSEDP M&E are MPI / MOF responsibilities and M&E organizational and institutional roles are to be clarified
 - Output level of NSEDP M&E is the responsibility of ministries / sectors and their linked provincial and district activities. Output level M&E organizational and institutional arrangements also are to be clarified.
 - Formulation and implementation of Activities to achieve Outputs can be linked to preparation and implementation of the PIP 3-year rolling program and this will significantly support the connection between planning and budgeting. Data availability and quality for Indicators and Targets at all M&E levels will need

to be improved incrementally and explicit strategies will be provided for this, including data management

3.7.2 Monitoring

204. The 8th NSEDP M&E system is coordinated and monitored by Department of Planning, Ministry of Planning and Investment with full and active participation from all stakeholders. It is proposed that the DoP/MPI focuses on the achievement of 8th NSEDP Outcomes and the sectors and provinces focus on the Outputs of the sector level plans and cross sector Outputs. In this way, DoP/MPI is responsible for monitoring and evaluating the achievement of NSEDP Outcomes and Sectors remain responsible for Sector level M&E. Sectors and provinces including Sector Working Groups will periodically report to DoP/MPI.

Chapter 4 – A summary of the follow up matrix of the previous year RTM/RTIM discussion points

4.1 Background

205. Discussion Points at the 2013 High Level Round Table Meeting (HL RTM) and 2014 Round Table Implementation Meeting (RTIM) gave rise to a number of follow up actions from partnership discussions between the Government of Lao PDR and its Development Partners (DPs). Government ministries and DPs have subsequently reviewed those discussion points carefully and identify how these discussion points can be best taken forward, chiefly in consultation through the Sector Working Group mechanism.

206. In terms of progress to date, it is noted that a number of actions have already been accomplished. Others have been initiated, whilst a further number still, due to the longer-term nature of the task, may take longer to fully implement. Many of the concrete actions have found their way into the priorities of the 8th National Social & Economic Development Plan (2016 – 2020) and into its draft Monitoring & Evaluation Framework. Where this is the case, the corresponding targets and indicators of draft M&E framework have been referenced in the final column of sections of the matrix to assist the relevant Sector Working Group (SWG) continue to track progress (Please refer to Annex 1 for more information).

207. It will be particularly important that the monitoring report of the full first year of implementation of the 8th NSEDP pays special attention to these targets at the Round Table Implementation Meeting of 2016.

208. At all stages Government is in the driving seat, setting the policy priorities, designing the national plans and programmes intended to attain its goal of a high quality economic growth that yields poverty reduction, jobs and opportunities for the Lao people. The Government seeks an inclusive growth that delivers poverty reduction and which significantly reduces vulnerabilities among the populations that experience the greatest hardship. It also strives to preserve and better manage its natural resource endowments in the best interests of the nation and people.

209. Across these same areas the Government continues to engage in an ongoing dialogue with the development community in order to gain valuable insights, know-how and techniques that help guide and shape its unique development course. The Government is always grateful for the time, energies and resources invested by DP in sustaining high quality discussions.

210. Discussion Points shared by the Government & Development Partners through the RTM/RTIMs across the following areas aligned broadly with the outcomes of the 8th NSEDP as set out in the 3 main sections, and 14 key areas as summarised below:

Section I - Macroeconomic Management and Growth

1. The pace of growth which needs to be balanced with macro-economic stability and addressing issues of sustainable and equitable growth.
2. A coordinated management of macro-economic parameters especially to ensure: an effective fiscal management and appropriate sectoral budget allocation, especially to MDG off track areas.

3. The preparation of the 8th National Socio-Economic Development Plan (NSED 2016-2020) where there is a strong link with fiscal framework where financial strategy with proper costing.
4. Greater involvement of private sector and pro-business climate for both domestic and foreign direct investments, quality foreign direct investment and infrastructure development and maintenance which are important for further stable growth and development of Lao PDR.

Section II - Off-track MDGs and action plans

5. The implementation of the Multi-sectoral Food and Nutrition Security (Convergence) Action Plan needs appropriate budget allocation and enhancing a multi-stakeholder approach
6. Improving quality and access to education and health services, especially in remote areas is a priority to improve both education and health outcomes. Especially, there is a need to ensure deployment of human resources to rural communities.
7. Continued efforts are needed to have more realistic targets for MDG 7 and to prioritise sustainable management of natural resources including illegal logging and export.
8. The RTIM participants look forward to a conclusion of the national land policy through approval by the National assembly. It is important that the Government allows expropriations only for public purposes, to ensure affected parties receive full, fair and prior compensation both in cases of individually and communally held land.
9. Meeting that national UXO targets will require a significant scaling up of resources and capacities, the application of the evidence based survey approach for clearing UXO contaminated land needs further investigation within the Lao context (including the follow up on funding window for CSOs and a multi-stakeholder approach.

Section III – Good Governance, Development Cooperation for Better Results and Data Analysis

10. It is important to have a regular review and assess the improvement of INGO and NPA results and have a proper forum to advance application of guideline and discuss outstanding issues.
11. Having a regular update on Sam Saang review is important to facilitate best supports from various stakeholders and DPs.
12. There is a need to consider further improvement of the RT process to better suit the 8th NSED 2016-2020 circumstances
13. More efforts are needed to continue reviewing the findings from the VDCAP monitoring for effective development cooperation and the RTP.
14. Enhancing statistical capacity to trace and access updated information and the analysis of data is indispensable. The RTIM participants highlighted the importance of looking beyond data collection and focus more analysis of findings which are significant for ensuring effective cooperation.

4.2 Overall Progress Update

211. The following narrative is a brief update on the overall progress and general information of the progress is embedded in texts of the Background Document. To complement this, highlights of specific progress and implementation/actions of each discussion points as provided by Sector Working Groups and relevant stakeholders are documented as per the Annex 1 of this Background Document. At the time of writing this

Background Document, a follow up matrix of the RTM/RTIM discussion points has been updated and it has currently been used by all 10 Sector Working Groups to guide their discussions and policy dialogues linking to the Round Table Process and the implementation of the 8th NSEDP.

4.2.1 Macroeconomic management and growth

212. The main issues have been reviewed recently by the Macroeconomic SWG in the context also of the annual Article IV consultations with the IMF. While medium term prospects are positive and overall there has been steady progress in stabilizing the macro economy, the Government has acknowledged that several aspects need our further attention.

213. The Government budget constraint persists, so how to increase revenues while suitably prioritising expenditures is a major preoccupation. Expanding capacities that lead to realizing LDC graduation criteria and MDG targets and to the reduction in inequalities and vulnerabilities, should be guiding the decisions. This budget point was emphasized also at the provincial consultations (Luang Namtha 2013 and Saravan 2014) in the context of implementing the local level convergence approach to Food and Nutrition Security.

214. The Government has also putting great efforts to prioritise reform of the banking sector to address current weaknesses and to increase finance for private sector activities that can generate decent jobs, increase revenues and expand exports. The application of environmental and social safeguards have also been discussed and followed up within the framework of the 8th NSEDP.

215. A related issue concerns the competitiveness of the Lao economy, especially the implications of ASEAN integration by 2015, and areas of progress have been detailed by the SWG on Trade and Private Sector. The Government has encouraged representatives from the private sector to speak to all these issues and share not only your perspective on the AEC but how you could contribute to make integration more effective in benefiting Laos PDR.

216. In respect of the preparation of the 8th plan, as highlighted in Chapter 3, the Government is committed to the operationalization of an outcome based plan that is fully costed and linked to budgets, and one that also addressed vulnerabilities and inequalities. A number of elements of sustainable development and inclusive growth have been integrated into this 8th NSEDP. While its M&E framework is currently being developed, it is important that the implementation of the plan is carried out in such a multi-sectoral way ensuring involvement of various dynamic stakeholders as much as possible.

4.2.2 Off-Track MDGs and Action Plan

217. Many of the MDG action plans are being implemented and that crucial issues raised are being addressed. Progress with Food and Nutrition Security under MDG 1 has been discussed in length under Chapter 2. The 2015 MDGs Summary Report has highlighted key achievements and lessons learnt for the post-2015 period. An overarching effort is an access to statistics and data, and more effort is warranted.

218. Gender equality and women's empowerment is another overarching consideration for all interventions. In the UN and World Bank review of efforts to accelerate progress, for instance, towards the Food and Nutrition Security MDG target, gains are seen to be long- term and self- sustaining only if women's empowerment takes place in some six multi-sectoral dimensions.

219. The recent SWG and policy forum for UXO matters (MDG 9) also showed significant progress on a number of critical issues. With the magnitude of UXO problems in Lao PDR, it is important that a strategic effort is warranted for sustaining investments to fully implement the revised policy for survey and clearance and to realize the development gains expected from higher levels of land release.

220. Progress in MDGs related to education and health is constrained by resources and quality issues continue to dominate questions about accelerating progress, including deployment of existing staff to underserved areas. With the increased of the budget allocation for the sectors, the Government will put more concerted action to implement existing policies and strategies to realize benefits for the poor and vulnerable communities.

221. In respect of MDG 7 and the issue of forest cover, there appears to be progress that might resolve the issue of the status of this MDG target if a proper assessment is undertaken in 2015 and acceptable international definitions used to measure progress against the target. Irrespective of the result of such calibrations, however, concerns have been expressed at the continuing deterioration of forest wealth due to illegal logging and exports. This is clearly a critical issue also for 8th plan targets, if ensuring sustainable development is to be made meaningful.

222. On land, positive progress has made in issuing land titles and in finalizing the land law through the National Assembly. The Government has also worked on a revision to the land law that expands the criteria for government decisions over compulsory land acquisitions to include commercial and national needs. Within the 8th NSEDP timeframe, the Government will arrive at a common approach on finalizing these important reforms.

4.2.3 Good Governance, Development Cooperation for Better Result and Data Analysis

223. In the context of overall sound progress with governance reforms apart part from what highlighted under Chapter 2, there have been various consultations with INGOs on the revision to the operating guidelines as well as the consultations with NPAs. If well implemented we anticipate an expansion of activities by these types of organisations, which should provide direct benefits to the poorest and most vulnerable. The Government looks forward to their continuing contribution to our development dialogue today.

224. Over the past year we have seen progress also in legal reform and improvements to Access to Justice as well as consultations around the Universal Periodic Review (UPR) report. In this context that only two important human rights conventions remain to be ratified by Lao PDR, the International Convention for the Protection of All Persons from Enforced Disappearances and the International Convention on the Rights of All Migrant Workers and Members of Their Families.

225. The Government has also announced the decision to expand the Sam Sang initiative with district as the focus for improving service delivery and with direct access of communities to small grants to address their self-identified priorities and constraints.

226. Lao PDR has made much progress towards a number of its national goals to increase aid effectiveness. The Vientiane Declaration on Aid Effectiveness (2006) and its Country Action Plan (2006-2015) can be seen as having, overall, made an important contribution to the development effectiveness agenda in Lao PDR across each of the guiding principles.

- ***Ownership.*** NSEDP formulation have been more inclusive and has involved consultation with a wider range of stakeholders. The national plans have also been more closely linked to the Government’s long-term vision and sectoral strategies, including through the SWG mechanism.
- ***Alignment.*** There is evidence of the Partners aligning more closely their strategies and programmes with the NSEDP. Government is also working toward the improvement of public sector management, initiatives that can help enhance Partner confidence in using national systems.
- ***Harmonisation.*** Some of the basic building blocks of PBAs are currently in place and some comprehensive sector or programme strategies have been developed. Efforts to coordinate and facilitate joint missions have also taken place, including joint programming and joint portfolio review.
- ***Managing for results.*** Coordination of the M&E framework has now been carried out in a more systematic manner, especially the national M&E system to tracks NSEDP input, output and outcome indicators. Reporting on key national development results has also been done on a more regular basis and comprehensive reviews of NSEDPs have been conducted and tabled at RTIMs and RTMs.
- ***Mutual accountability.*** The RTP has provided the Government and the Partners with the opportunity to review NSEDP implementation as well as to discuss about critical emerging issues and has become more inclusive over time, both for more stakeholder participation and for expansion to the local level. Lao PDR is notably engaged in a regional Joint Initiative on Mutual Accountability (along with Cambodia, Viet Nam).

227. The dialogue around development cooperation has evolved since the launch of the VD. A follow up partnership “The Vientiane Declaration on Partnership for Effective Development Cooperation” can build on additional areas of focus for development cooperation, especially those outlined in the Busan Partnership for Effective Development Co-operation. This includes greater inclusion of new actors, increasing transparency and public access to development cooperation information, South-South and triangular cooperation, and private sector for development.

Annex 1: Specific progress for the follow up matrix of the previous year RTM/RTIM discussion points

Section I – Macroeconomic Management and Growth

Discussion Point 1

(Macro-Economic Stability and Inclusive Growth)

RTM 2014:

1. The pace of growth needs to be balanced with macro-economic stability and address issues of sustainability and equity, in particular:

- Continued high level of economic growth with low inflation
- Ensure an efficient budgeting and planning process, with appropriate sectoral budget allocations to MDG off-track areas
- Address issues of corruption and revenue collection through tax reform
- Coordinated management of macro-economic parameters to ensure effective fiscal management.

RTM 2013:

1. In the current uncertain macroeconomic environment, development partners (DPs) were pleased the Government confirmed that its priority is to pursue a balanced approach to sustaining growth consistent with re-establishing and maintaining macroeconomic stability. DPs were encouraged by the actions taken already by Government. Adequate buffers are required to deal with present uncertainties and future shock. DPs also recommended institutionalizing the High Level Task Force on Macroeconomic Policy and Management (HLT-MPM) to ensure a coordinated and sustained effort across fiscal, monetary and exchange rate measures and oversee structural reforms required to ensure stability.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
1.1 Strengthened capacity for macroeconomic and fiscal management	Development of medium term macro-fiscal framework and fiscal strategy underpinning the 8 th NSEDP and the budget process; periodic presentation of MTF	Macro-Economic SWG	1.3 MTEF integrating effective planning & budgeting (M&E ref 136)
1.2 Provision of quarterly economic data (budget execution, public debt, monetary date, financial sector stability indicators).	Quarterly data reporting (e.g., monetary, fiscal and financial) to SWG and on agencies' web-sites	Macro-Economic SWG	1.2 Regular and timely production of key economic data (M&E ref 123)
1.3 Reform tax policy and administration framework to increase tax base, review exemption policies; simplify tax payment; introduce and simplify issuance of unique tax ID	Domestic revenues increase from a baseline of 19-21% of GDP ; Entities registered for VAT purposes; Taxpayers filing tax returns correctly and on time, Taxpayers paying full tax obligations and on time.	Macro-Economic SWG	Budget revenue (M&E ref 114); 1.2 Entities registered with tax number for VAT purposes (M&E ref 115)
1.4 Keep tight control over expenditures and re-allocate	Expenditures decline from a baseline of 30% of GDP;	Macro-Economic	1.2 Total expenditure (M&E ref 118);

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
spending to more efficient uses	Salaries decline from 60% of total spending	SWG	1.2 Expenditure on public salaries (M&E ref 119)
1.4 Increase fiscal buffers and strengthen prospects for fiscal sustainability	Budget deficit reduced from a baseline of 4.3% of GDP and public debt maintained at below 60% of GDP	Macro-Economic	1.2 % of GDP per annum (M&E ref 120)
1.5 Keep credit growth in line with objectives of low inflation and financial sector stability	Non-performing loans stable or declining; Capital-adequacy ratio stable or improving	Macro-Economic SWG	1.2 Credit growth in line with financial sector stability (M&E ref 111)
1.7 Sustained competitiveness of the real exchange rate	Exchange rate is moving within the range $\pm 5\%$; Forex reserve cover increases	Macro-Economic SWG	1.2 Sustained real exchange rate competitiveness (M&E ref 110) 1.2 Foreign exchange reserve consolidation (M&E ref 113)

Discussion Point 2
(Monetary Policy and Public Finance Management)

RTM 2014:

2. A coordinated management of macro-economic parameters especially to ensure:
- An effective fiscal management.
 - Appropriate sectoral budget allocation, especially to MDG off-track areas.

RTM 2013:

2. DPs also recommended institutionalizing the High Level Task Force on Macroeconomic Policy and Management (HLT-MPM) to ensure a coordinated and sustained effort across fiscal, monetary and exchange rate measures and oversee structural reforms required to ensure stability.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
2.1 Formation of National Steering Committee on Monitoring Macroeconomic Policy.	<ul style="list-style-type: none"> • Regular meetings of the Macroeconomic Task Force, and • Adoption of main macroeconomic policies based on consistent macroeconomic framework 	Macro-Economic SWG	To be confirmed
2.2 Improving government and DP macroeconomic policy coordination through consistent meetings of the Macro Economic SWG.	Quarterly information sharing meetings of the SWG	Macro-Economic SWG	To be confirmed

Discussion Point 3
(8th NSEDP Priorities and Implementation)

RTM 2014:

3. The 8th National Socio-Economic Development Plan (NSEDP 2016-2020) needs a strong link with the fiscal framework and a financial strategy with proper costing. Priorities should include:

- Ensuring affordability of the 8th Plan and financial strategy
- Promoting a ‘green growth’ model with sound natural resources management and increased opportunities for all
- Aligning with the Post-2015 agenda, Sustainable Development Goals, and priorities for LDC graduation, all of which should be grounded in the 8th NSEDP
- Incorporating issues of urbanisation
- Involving all stakeholders (including the private sector and CSOs) under effective government leadership especially to address off-track MDGs

RTM 2013:

3. For the preparation of the 8th Plan, DPs encouraged reforms that would integrate planning and budget processes, move towards a rolling medium term expenditure framework, and to a fully costed and outcome based Plan.

4. DPs encouraged the Government to intensify the focus on the needs of the most vulnerable, including women, children and ethnic groups, and through prioritizing the off track MDGs, and in addressing equity considerations as a priority in the next plan.

Progress Update

Implementation/Actions (What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
3.1 Development of a new MTEF (including PIPs) linked to NSEDP	Presentation of new MTEF	Macro-Economic SWG	1.3 MTEF integrating effective planning & budgeting (M&E ref 136)
3.1 Launch of a system for communicating how DP comments on 8 th NSEDP have been integrated	Seminars held with DPs to discuss the 8 th NSEDP	Macro-Economic SWG	To be confirmed
3.3 Development of a concept/plan for how green growth model can be incorporated into 8 th NSEDP	A seminar on green growth model was held	Macro-Economic, TPS, NRME SWG	3.1 Green districts (M&E ref 168) Eco-industrial parks (M&E ref 167) Green industry and jobs (M&E ref 187) 1.5 Green workforce training (M&E ref 188) 1.6 Large companies monitoring (M&E

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
			ref 203) 1.7 Energy integration (M&E ref 120-128)
3.4 MDG Off-track areas and poverty reduction included as priorities in the 8 th NSEDP.	Submission of priority plans from sector ministries and provinces to MPI was done as part of the formulation of the 8 th NSEDP	Macro-Economic SWG	1.3 MTEF integrating effective planning & budgeting (M&E ref 136)

Discussion Point 4
(Trade, FDI and Private Sector Development)

RTM 2014:

4. Greater involvement of private sector and enhancement of a pro-business climate for both domestic and foreign direct investments are important for further stable growth and development of Lao PDR. This includes:

- Quality foreign direct investment that creates sustainable jobs, preserves the environment, contributes to poverty reduction and fosters economic-activity diversification and knowledge/technology transfer.
- An update regarding EITI and a study applying it in the Lao context.
- Ensuring Lao PDR competitiveness, including through development of sufficient skilled labour.
- Ensuring quality investment and a favourable business investment climate, including in rural areas.
- Infrastructure development beyond a focus on extension of the network and to issues of maintenance, repair and compliance with international standards.
- Corporate Social Responsibility norms and standards adopted and applied by both foreign and domestic investors.

RTM 2013:

5. DPs congratulated the Government in opening up the economy by joining WTO and preparing for ASEAN integration. DPs stressed:

- The importance of modernizing and diversifying the economy through development of the private sector and SMEs especially in rural areas and for non-resource sectors.
- It is important for all investments to adhere to national environmental and social safeguards.
- The Extractive Industries Transparency Initiative (EITI) is another opportunity to increase revenues and their predictability.
- Enhanced efforts are needed to increase vocational education and skill training in industry and service sectors

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s) & related agencies	Linkage to the 8th NSEDP M&E Framework (Draft)
4.1 Assessment of mining investments and licensing procedures (including legal framework)	To be determined	TPSWG	3.1 Percentage of compliance of public and private investment projects in hydro, mining, agriculture, industrial, transport etc. with Laos environment and social assessments laws (M&E ref 407)

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s) & related agencies	Linkage to the 8 th NSEDP M&E Framework (Draft)
4.2 Amendment of private investment law.	Completion of the Horizontal Regulatory Assessment for the Service Sectors. The assessment identified laws, regulation and administrative practices that are limiting the potential of the services sector in Lao PDR. In particular, the regulatory assessment included the following elements: i) a mapping of laws and regulations relevant to trade in services; ii) their assessment in light of Laos' WTO and ASEAN commitments, and iii) the identification of areas where laws and regulations need to be adopted or amended in order to fully reap the benefits of services reforms.	TPSWG	1.3 Review investment incentives to promote investments that are cleaner and more inclusive (M&E ref 130)
4.3 Development of Doing Business Reform plan		TPSWG	1.6 Improvement in ranking by 'ese of doing business' compared to previous year's rank (M&E ref 101)
4.4 Standardized fiscal regimes for mining and hydropower	To be determined	Ministry of Energy and Mining	1.3 Standardized and transparent fiscal regimes for mining and hydro sector (M&E ref 117)
4.5 Improve implementation of the Environment and Social Impact legislation	A number of rules, regulations and instructions has been updated and issued which includes for instance, Law on Environmental protection (promulgated in January 2013), Law on Land, Law on Forest (submitted for National Assembly approval in June 2013), Law on Water and Water Resources, and The improvement of the Decree on Social-Environmental Impact Assessment and Decree on Compensation and Relocation of Population, Decree on the Conservation Forest and Decree on Protection Forest.	NRME SWG	To be determined

Section II – MDG Off-Track Areas and Action Plan

Discussion Point 5

(Food and Nutrition Security Multisectoral Approach)

RTM 2014:

5. To ensure further progress of the implementation of this convergence plan, appropriate budget allocation and enhancing a multi-stakeholder approach play an important role. Priorities include:

- Capacity building and better coordination, particularly at the grass-roots level
- Involvement of all stakeholders (e.g., the private sector and local communities), and an enhanced role for women
- Building resilience to environmental shocks and addressing climate change issues

RTM 2013:

6. MDG 1 Food and Nutrition security: DPs welcomed the Government's approval of a convergence approach to dealing with the serious issue of under nutrition, and sought more opportunities to consult about the related action plan so that DPs and NGOs could align support to bring the MDG 1 on track. Participants sought assurances about Government plans to increase local capacities and especially the allocation of adequate resources to implement the action plans in a phased manner over the next two years.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
5.1 Improve coordination, structure and enhance capacity of Food and Nutrition Security Secretariat at both central and local levels	National Committee of FNS and provincial coordination established.	FNS Secretariat	2.2 Multi-sectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)
5.1 Integration of the Multi-sectoral Food and Nutrition Security (Convergent) Action Plan into the 8 th NSEDP.	FNS is one of the outputs under the 8 th NSEDP – it is only one of key topics to be discussed at the 12 th HL RTM. National Nutrition Strategy and Action Plan are now being revised.	FNS Secretariat & MPI	2.2 Multi-sectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)
5.3 Enhance delivery and quality through extension of FNS activities to provinces, districts and communities.	FNS convergence action plan was piloted in three provinces in Laos since 2013 till 2015 and FNS activities will be rolled out to all provinces through the country	FNS Secretariat	2.2 Multi-sectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)
5.4 Integrate water and sanitation (WASH) activities and policies into multi-sector strategy.	WASH has now been part of the FNS action plan	FNS Secretariat	2.4 Percentage of population using safely managed water and sanitation services (M&E refs 349 & 350)

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSED P M&E Framework (Draft)
5.5 Improve knowledge of community and quality of health services	Capacity development plans have current been developed as part of the implementation of the FNS Convergence Action Plan.	MOH	2.4 Increased access to healthcare facilities (M&E ref 356)
5.6 Development of a concept note on how to link FNS to climate change and forest cover.	To be determined	FNS Secretariat & MONRE	3.3 System established for assessing and monitoring climate change risks, vulnerabilities and early warnings for FNS (M&E ref 467 & 470)
5.7 Enhance structure and integrate FNS in subnational level	National Committee of FNS and provincial coordination established.	FNS Secretariat	2.2 Multisectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)
5.8 Clarify the place of FNS in all SWGs (i.e., mainstream FNS)	FNS has been part of discussion under the Round Table Process since the provincial consultation done in 2013 (Laung Namtha). Since then, it has been a regular topic for discussions at the RTIM 2014 and the 2015 RTM.	MPI	2.2 Multisectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)
5.9 Consider food accessibility and consumption in addition to availability	To be determined	FNS Secretariat	2.2 Proportion of the population with a level of dietary energy consumption lower than the dietary energy requirements (M&E ref 248)
5.10 Better consider the impact of infrastructures on MDG1	To be determined	MPWT & relevant stakeholders on MDG1	2 (M&E ref to be determined)
5.11 Consideration of private sector in the Action Plan	Private sector has been invited to all FNS discussions. More work to be done on this.	MOIC	2 (M&E ref to be determined)
5.12 Creation of FNS M&E framework that builds on existing structures at national and sub-national levels	Initial framework has been drafted under the implementation of the FNS convergence action plan pilot stage. A comprehensive framework will be finalised within the revision of the National Nutrition Strategy and Action Plan	FNS Secretariat	2.2 Multisectoral nutrition coordination structure established and/or strengthened at national, provincial, district and village level (M&E ref 252)

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSED P M&E Framework (Draft)
5.13 Strengthen DDMCC in its capacity to implement climate change mitigation/adaptation programs	<ul style="list-style-type: none"> • DDMCC submitted letter to the Climate Change Fund Secretariat in order to inform that UNDP is a partner. The development procedure and document detail will be revised with UNDP. • DPC is coordinating the study on the development of roadmap for the accession of climate finance with the support from GIZ 	MONRE (DDMCC), NSCCCS (National Steering Committee on Climate Change Strategy)	To be determined

Discussion Point 6
(Quality and Access to Education and Health Services)

RTM 2014:

6. Improving quality and access to education and health services, especially in remote areas is a priority to improve both education and health outcomes. Especially, there is a need for deployment of human resources to rural communities.

RTM 2013:

7. MDG 2 Education: DPs sought assurances that priority will continue to be given to resources for primary education and improving its quality, in an inclusive manner that addresses the most vulnerable and underserved, and that addresses high drop-out rates that prevent us from realizing this MDG target.

8. MDGs 4 and 5: We encouraged health governance and system reforms and the commitment to ensure free access to Maternal and Child Health services to help bring these MDGs on track.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
6.1 A significant increase in the non-wage recurrent budget for education will be required to support quality improvements through increased school block grants, textbook replenishment and increase operational budget for district pedagogical advisors and teacher upgrading.	The 2014-15 budgetary allocation to the education sector was USD458 million (a primary share of the GoL budget equal to 13.6 per cent, a decline from a 14.5 percent share in 2013-14). ODA was USD90 million in 2014-15 compared to \$100 million in 2013-14. Pressure on the education budget has resulted in delays in paying the salaries of teachers and administrators on time, and a lack of operational budget for schools which continues to limit quality improvements in the sector	Education SWG	Outcome 2 and output 3
6.2 Increased numbers of primary teachers are required in rural and remote areas to increase survival rate to grade 5 from the current level of 77% to the target of 95%. Rather than increasing the wage budget through recruitment of additional teachers – thus placing additional pressure on the non-wage budget - increased efficiency of primary teacher deployment is required by re-deploying primary teachers from schools with an over-supply to schools with an under-supply of teachers.	The very small share of the non-wage recurrent budget continues to limit quality improvements in the sector. There is an overall oversupply of teachers, although low efficiency of deployment results in many schools with an under-supply of teachers. More flexibility in exchanging resources between MoHA and MoF is required. More flexibility in exchanging resources between MoHA and MoF is required: Each year, MoES receives a quota of new civil service positions from	Education SWG	Outcome 2 and output 3

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
The target pupil to teacher ratio is 34:1 but currently is 22:1. In 2013/14, just over 32% of primary schools had only 1 or 2 teachers.	MoHA. It is not possible to “exchange” these positions for more non-wage recurrent funding from MoF and declining these new positions may have a negative impact on longer term staffing needs. Annual increases in teaching staff also makes it more difficult to implement other strategies such as redeployment to improve the efficiency of teacher deployment.		
6.3 Development partners can support teacher upgrading but it is the responsibility of MoES to improve the efficiency of primary teacher deployment.	Development of the Education Sector Development Plan (ESDP) 2016-20 and updating the Education Law. A comprehensive financing plan to cost the ESDP 2016-20 was also developed.	Education SWG	Outcome 2 and output 3
6.4 Primary grade 1 dropout continues to be around 10%. Unless this can be significantly reduced the Grade 5 Survival rate target of 95% needed to achieve MDG2 will not be reached.	Steady but slow improvements are being made**. For grade 1 dropout, 8 districts continue to have rates above 20%. More recent slower improvements in primary survival and dropout rates is the result of the most hard to reach populations remaining. While significant improvements have been achieved in urban and rural with road access areas, it is much more difficult in the very small, isolated and remote villages. Improved service delivery to such villages will come at a much higher unit cost for both wage and non-wage budgets.	Education SWG	Outcome 2 and output 3
6.5 Development of environment curriculum for formal and non-formal education	On going	Education SWG	Outcome 2 (M&E ref to be determined)
6.6 Provide free healthcare access to maternal and child health services	On going	Health SWG	
6.7 Increased the deployment of health staff, especially to remote areas	A framework of Health Reform has now been established and approved on 24 March 2014 during the meeting of the National Commission for Health Reform – discussions are on going on various matters relating to the health reform	Health SWG	
6.8 Focus on consolidation of existing services rather than increasing quantity		Health SWG	
6.9 Continue enhancing capacity of health service staff		Health SWG	

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSED P M&E Framework (Draft)
6.10 Ensure inclusion of family planning in the 8 th NSED P		Health SWG	
6.11 Application of evidence based and reliable data for the implementation of all actions and strategies		Health SWG	

Discussion Point 7
(*Natural Resource Management and Forest Coverage*)

RTM 2014:

7. Continued efforts are needed to develop more realistic targets for MDG 7 and to prioritise sustainable management of natural resources including illegal logging and export.

RTM 2013:

9. MDG 7 with regards to Forests: DPs noted the Government's intention to achieve the MDG target of 65% of forest cover, and sought more consultations about how to support national efforts. DPs considered MDG 7 to be off track based on indicators in the MDG progress report. We affirmed our support to help Government in its commitment to reduce illegal logging.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
7.1 Complete the forest law and its regulations	A number of rules, regulations and instructions has been updated and issued which includes for instance, Law on Environmental protection (promulgated in January 2013), Law on Land, Law on Forest (submitted for National Assembly approval in June 2013), Law on Water and Water Resources, and The improvement of the Decree on Social-Environmental Impact Assessment and Decree on Compensation and Relocation of Population, Decree on the Conservation Forest and Decree on Protection Forest	NRME SWG	3.1 (M&E ref to be determined)
7.2 Complete the forest law and its regulations			3.1 (M&E ref to be determined)
7.2 Improve enforcement of policies against illegal use of natural resources and wildlife trafficking			3.1 Number of enforcement mechanisms implemented for environmental and social safeguards (M&E ref 409) % of protected areas overlay with biodiversity (M&E ref 449)
7.3 Improve enforcement of environmental assessment regulations			3.1 Number of enforcement mechanisms implemented for environmental and social safeguards (M&E ref 409)
7.3 Development air quality and GHG emissions monitoring system			3.1 Stations established for air quality monitoring in all 3 regions (north, central, south) (M&E ref 441)
7.6 Improve public financing of environment, natural resources and climate change issues			3.1 Financial resources for sustainable forest management (annual budget) and % of which is in-country resources (M&E ref 424 & 451)

	Law on National Environment Standards. In addition, the Environment Plan for 2011-2015 was endorsed in 2011 and the draft Strategy on Early Warning and regulations on natural disaster warning which is one of the priorities in the 7thFive-Year Plan.		
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Discussion Point 8
(Land Management)

RTM 2014:

8. A conclusion of the national land policy through approval by the National assembly.
- Require more consultations on land policy revision and legal and administrative aspects of securing land tenure
 - Allow expropriations only for public purposes to ensure affected parties receive full, fair and prior compensation both in cases of individually and communally held land.
 - Protect customary rights in order to secure livelihoods especially of rural and vulnerable groups.
 - Food and Nutrition Security is strategically linked to sustainable land management.

RTM 2013:

10. Land: DPs welcomed the role of the National Assembly in deliberating on the land policy and encouraged more consultations on this as well as on legal and administrative aspects of securing land tenure, including for the most disadvantaged in remote areas. DPs look forward to more intensive engagement on this vital issue for rural development.

Progress Update

Implementation/Actions	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
8.1 Conduct a survey for data collection, land allocation, zoning and land classification	Work is on going – Law o Land is being updated.	Trade & PSD NRM & Env	3.1 Implementation of mechanism and regulations for management of minerals...(M&E ref 430) 3.1 Percentage of compliance of public and private investment projects in hydro, mining, agriculture, industrial, transport etc. with Laos environment and social assessments laws (M&E ref 407)
8.2 Develop geographical map and master plan for managing, protecting, developing and using land and natural resources		NRM & Env	3.1 Land policy reviewed comprehensively (M&E ref 416) Land use planning and land management implemented in rural 500 villages...(M&E ref 417)
8.3 Develop policy on promoting linkage between land use and land protection to ensure people's rights by law on land use for livelihood		NRM & Env	3.1 National master land use plan based on integrated spatial planning implemented (M&E ref 415)

Discussion Point 9
(Effective Responses to UXO problems)

RTM 2014:

9. Overall, meeting national UXO targets will require:

- A significant scaling up of resources and capacities.
- Further investigation within the Lao context of the application of the evidence based survey approach for clearing UXO contaminated land (including follow up on the funding window for CSOs).
- Multi-stakeholder approach to ensure effective responses to UXO problems.

RTM 2013:

11. MDG 9 UXO: DPs welcomed the national strategy to undertake systematic surveys as a basis for prioritizing interventions linked to national development priorities. DPs encouraged increased investments so as to reach clearance targets while at the same time streamlining operations for those engaged in clearance activities to increase productivity.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
9.1 Ensure commitment to and on-going implementation of an evidence-based survey to allow a systematic approach to establishing the remaining UXO contamination in support of developing a multi-year planning and long term resource mobilization strategy	During 2015, the UXO sector in Lao PDR has undergone some major positive changes. The most significant of these was the mainstreaming by all humanitarian operators of the evidence-based survey approach. Until 2013, only one such operator was using this approach, and in 2015, all five humanitarian operators, including UXO Lao, are implementing it. The method reduces significantly the number of hectares of uncontaminated land that are cleared, and increases the number of UXO found per hectare cleared. This makes clearance more efficient and means that more UXO are removed from the ground more quickly. Also during 2015, the UXO sector has made progress towards full survey of contamination in the country, which is a key obligation under the Convention on Cluster Munitions.	UXO SWG	2.4 No of hectares released from UXO contamination per year (M&E ref 262)
9.1 Use Mid-term review of Safe Path Forward 2 to more closely link priority operations to national development priorities, introduce streamlining of operations to increase productivity and	In mid-2015, the National Regulatory Authority (NRA), with support from the Government of Lao PDR, UNDP, the UXO Sector Development Partners and implementing agencies,		2.4 Proportion of priority areas that are cleared of UXOs (M&E ref 264)

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
<p>revise clearance measured by the number of hectares with more realistic and appropriate targets</p>	<p>conducted a consultative mid-term review (MTR) of the <i>Safe Path Forward II</i> (SPF II).¹⁸ A key theme was how to ensure that land is identified as hazardous and cleared in an efficient and effective manner to allow for greater influence on the development of Lao PDR. The mid-term review noted a need for MRE to reach beyond communities in the nine most-contaminated provinces, due to movements of people. The review found that SPF II remains pertinent as a strategic document to provide the priorities identified to support the development of Lao PDR and to fulfill all international obligations. It also noted that, due to the operationalization of a new survey-based methodology, the previous focus on hectares cleared no longer adequately captures the work undertaken by the UXO sector and that new indicators and targets are needed to measure progress in the sector.</p>		
<p>9.3 Better articulate needs for remaining UXO contamination. This includes sharing the operators' work plan, transparent reporting, and joint monitoring missions with donors</p>	<p>In 2015, the NRA consulted with UXO humanitarian operators to discuss possible indicators that could be used to measure the progress with UXO evidence-based survey at the country-level, and to link with other ministries and support improved integration with the 8th NSEDP and UXO sector planning mechanisms. On 22 June 2015, the NRA submitted this matrix to the Department of Planning, MPI. The targets to be achieved by 2020 are:</p> <ul style="list-style-type: none"> • Non-technical survey and data collection on UXO contamination in 5,238 villages in the nine most-contaminated provinces of the country; • Technical survey to identify confirmed hazardous areas 	<p>UXO SWG</p>	<p>2.4 Proportion of priority areas that are cleared of UXOs (M&E ref 264)</p>

¹⁸ The key findings of the mid-term review are summarized in the draft UXO Sector Five-Year Work Plan.

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
	<p>(CHAs) in all villages within 124 Focal Development Areas identified by the Government of Lao PDR;</p> <ul style="list-style-type: none"> • UXO clearance to remain as one of the top priorities in the Government's development and poverty eradication programmes; • UXO risk education to be included in the education curriculum for both primary and secondary schools in order to reduce the number of casualties to less than 40 per year; • Medical, rehabilitation, employment opportunities to be provided to 1,500 UXO survivors. <p>Also during 2015, the NRA and UXO Lao have followed up on a 2014 Capacity Assessment that was undertaken with the support of UNDP. The Capacity Assessment Report is set to be published. It contains specific Action Points for both organisations, and the NRA has already moved forward on, for example, the strengthening of its monitoring and evaluation capacity, with a UNDP-supported assessment in October 2014.</p>		
9.4 Scale up resources and capacities	It is not yet possible to estimate the exact contribution of the Government of Lao PDR to the UXO sector so far in 2015. The government contributes to the sector in the form of rental subsidies, tax exemptions, training for the Lao Army Humanitarian Clearance Teams, and other support. In 2014, the total for this was estimated at around US\$1m. That year, the total income for the sector was in excess of US\$34.5m, most of which came from international aid and investment.	UXO SWG	2.4 No of hectares released from UXO contamination per year (M&E ref 262)
9.5 Strengthen the overall multi-stakeholder partnership for accelerating MDG9 through a	In 2015, the NRA has continued to perform its important role in the UXO sector, coordinating,	UXO SWG	2.4 No of hectares released from UXO

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
sector-wide approach with periodic oversight meetings of key Government ministries, DPs and implementing partners	regulating and monitoring the work of UXO sector operators. The NRA continues to assist the Government in achieving implementing the <i>Safe Path Forward II</i> (SPF II) and that advances progress towards the nationally-establish <i>Millennium Development Goal 9</i> . In February 2015, the number of representatives on the NRA Board was increased from 17 to 22, which in turn increases the level of oversight of the UXO sector by the Government of Lao PDR.		contamination per year (M&E ref 262)

Section III. Good Governance, Development Cooperation for Better Results and Data Analysis

Discussion Point 10

(The Application of the INGO guideline and NPA decree)

RTM 2014:

10. It was recommended that the Governance Sector Working Group (GSWG) could host/advocate for regular forums to taken into account concerns raised by civil society in the application of the INGO guidelines and NPA revised decree

The Government expects that the Round Table Process continues to be a forum to discuss development issues of common and mutual understanding among various national and international stakeholders. For other issues, it was recommended to be discussed through platforms established to monitor human rights concerns.

RTM 2013:

12. Role of CSO: DPs welcomed the intention to hold the INGO conference in early 2014 on improving overall coordination and mechanisms for improving guidelines. DPs and INGOs emphasized the importance of predictability in implementing policy and national guidelines that enables rather than inhibits cooperation with INGOs, in a spirit of mutual accountability.

13. Some development partners raised the issue of the missing of Mr. Sombath Somphone, and called for establishing a more consistent and safe environment for CSO s throughout Lao PDR. The Government assured us it had taken all steps to continue the investigation and to bring the perpetrators to justice. We urge Government to resolve this case urgently.

Progress Update

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8th NSEDP M&E Framework (Draft)
10.1 An informal quarterly forum between MOFA, INGOs and DPs to discuss key issues concerning the application of INGO guidelines.	INGO informal working group established between MOFA, INGOs and DPs and discusses key issues and concerns, including INGO guidelines.	GSWG	To be determined
10.2 Feasibility of similar informal mechanism (technical working group) between MoHA and NPAs to discuss the concerns around the implementation of the NPA revised decree, will be considered by MoHA	Note from MOHA; This discussion arose during the GSWG Thematic meeting on 27th April 2015 and Vice Minister of MOHA proposed that the existing PSI Sub-sector working group was the appropriate forum to arrange meeting(s) related to	GSWG	To be determined

Implementation/Actions <i>(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)</i>	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
	people's participation and a separate group will not be established.		
10.4 Technical Working Group on people's participation to be introduced under the Governance SWG. The objective is to share good practices concerning people's participation, such as CSO enabling environment, and role of media.	People's Participation issues were discussed under the PSI sub-sector working group in August and highlighted the importance of peoples' participation at multiple levels and sought to begin to develop a common understanding amongst government, civil society and development partners about people's participation in the Lao PDR context.	GSWG	To be determined

Discussion Point 11
(Governance and legal reforms)

RTM 2014:

11. Efforts to ensure progress in governance and legal reforms are closely monitored and supported through the round table process, including monitoring of UPR recommendation on a regular basis.

For expansion of the current decentralisation pilot (Sam Sang), Development partners welcomed the opportunity to be involved in the review of this initiative to understand how it can be better supported for achieving national development goals.

RTM 2013:

14. DPs welcomed efforts being made by Government and related institutions to continue to increase capacities and effectiveness in governance reform, and encouraged greater access to laws and decrees and their implementation on the ground. The expanding role of the national assembly and the importance of enhancing legal institutions were highlighted as priorities. We look forward to learning the results of the decentralization of services under the Sam Sang pilot initiative so as to align with emerging national policies especially as this impacts on the most vulnerable, and in particular how to support capacity building at the local level.

Implementation/Actions

(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)

- 11.1 The Sector Working Group will facilitate an establishment of a mechanism to discuss and monitor the implementation of the UPR governance.
- 11.2 Key challenges and opportunities in the scaling up of Sam Sang will be discussed, including sharing lessons from similar development models such as the DDF (District Development Fund).
- 11.3 Key developments on emerging topics related to governance reform such as constitutional amendment, penal and civil codes will be discussed and space for wider participation and contributions from development partners and civil society will be created.

Progress Update

Implementation/Actions	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
11.1 The Sector Working Group will facilitate an establishment of a mechanism to discuss and monitor the implementation of the UPR governance.	<ul style="list-style-type: none"> • During the LIOSWG held in March 2015, several recommendations were discussed relevant to the 2nd review of UPR. The lack of a systematic monitoring mechanism to follow up on progress of UPR recommendations was identified as a gap which was acknowledge by participants. It was agreed that the LIOSWG would look into a possibility of establishing an action plan following the 	GSWG	CC 3 (M&E ref – to be confirmed)

Implementation/Actions	Specific Progress	SWG(s)	Linkage to the 8 th NSEDP M&E Framework (Draft)
	<p>adoption of UPR recommendations by Lao PDR.</p> <ul style="list-style-type: none"> • Following the 2nd cycle review Lao PDR has accepted 116 recommendations out of 196. • Discussion have begun with MOFA to design an action plan which will act as a monitoring mechanism to follow up on progress. MOFA will hold consultations with all stake holders including CSO on this topic. 		
<p>11.2 Key challenges and opportunities in the scaling up of Sam Sang will be discussed, including sharing lessons from similar development models such as the DDF (District Development Fund).</p>	<ul style="list-style-type: none"> • Panel discussion for stakeholders openly shared and discussed possibilities for greater alignment between the District Development Fund (DDF) and the Sam Sang implementation, including Budget assignment to Districts. • GSWG minutes report agreed actions for follow up within the relevant channel and programmes. 	GSWG	<p>Assessment of the 3 Builds developed and implemented (M&E Ref – to be confirmed)</p>
<p>11.3 Key developments on emerging topics related to governance reform such as constitutional amendment, penal and civil codes will be discussed and space for wider participation and contributions from development partners and civil society will be created.</p>	<ul style="list-style-type: none"> • Lao PDR is currently drafting its first penal code. The impact of penal reforms in the criminal justice system was discussed at the LIOSWG held in August 2014. Based on several recommendations from the LIOSWG , the SPLSMP project jointly with the government has established the penal code task force ; a forum which is positioned to provide well-coordinated technical support to MOJ penal code drafting team. • The National Committee, chaired by NA President, previously held a number of technical seminars in regions across the country where policymakers shared opinions in order to draw up the draft. • A final draft of the amended constitution is set to be submitted to the NA's special session by October or to the ordinary session of NA in December for debate 	GSWG	<p>(M&E Ref – to be confirmed)</p>

Discussion Point 12

(The Round Table Process and Greater Partnership for Effective Development Cooperation)

RTM 2014:

12. There is a need to consider further improvement of the RT process to better align with the 8th NSEDP. This means:

- Holding High-Level Round Table Meetings (HL-RTM) every 5 years, in line with the NSEDP cycle
- Dedicating an RTM to the mid-term review of the NSEDP
- Annual Round Table Implementation Meetings (RTIM) based on the SWG mechanism and provincial consultation.

RTM 2013:

15. DPs congratulated the Government on launching the public portal of the Aid Management Platform and encouraged all development partners to contribute information in the interests of enhanced transparency and cooperation. DPs look forward to the approval of the draft revised VDCAP and joining in its implementation in the spirit of partnership involving all actors.

Implementation/Actions

(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)

- 12.1 Preparation of Vientiane Declaration on Partnership for Effective Development Cooperation which captures various important elements of partnership for effective development cooperation in terms of content, timing, principles, dialogue structure, action plan, the contribution of SWGs and engagement with all bilateral and multilateral partners and South-South Cooperation
- 12.2 Preparation of a concept note on the harmonization of the ODA data
- 12.3 Preparation of a sustainability plan for improved quality of AMP system.
- 12.4 Production of semi-annual and annual Foreign Aid Reports (FAIRs) based on AMP database

Progress Update

Implementation/Actions	Specific Progress	Responsible agencies	Linkage to the 8th NSEDP M&E Framework (Draft)
12.1 Preparation of Vientiane Declaration on Partnership for Effective Development Cooperation which captures various important elements of partnership for effective development cooperation in terms of content, timing, principles, dialogue structure, action plan, the contribution of SWGs and engagement with all bilateral and multilateral partners and South-South Cooperation	The new Vientiane Declaration called VD II has been prepared since April and it will be signed by the Government of Lao PDR and its DPs before and during the 12 th High Level Round Table Meeting	DIC/MPI	To be determined
12.2 Preparation of a concept note on the harmonization of	An initial review of the current systems was done.	DIC/MPI	To be determined

Implementation/Actions	Specific Progress	Responsible agencies	Linkage to the 8 th NSED P M&E Framework (Draft)
the ODA data			
12.3 Preparation of a sustainability plan for improved quality of AMP system.	To be reported		To be determined
12.4 Production of semi-annual and annual Foreign Aid Reports (FAIRs) based on AMP database	On going – the FAIR for five year ODA trend to be tabled at the 12 th HL RTM	DIC/MPI	To be determined

Discussion Point 13
(Implementation and Monitoring of Vientiane Declaration)

RTM 2014:

13. More efforts are needed to continue reviewing the findings from the VDCAP monitoring for effective development cooperation and the RTP.

Implementation/Actions

(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)

- 13.1 Development of the Vientiane Declaration on Partnership for Effective Development Cooperation Country Action Plan (VDCAP)
- 13.2 Preparation of the annual VDCAP implementation report
- 13.3 A revision of the TOR and a preparation of detailed work plan of the VDCAP Secretariat
- 13.4 Allocation of adequate resources for the functionality of the VDCAP Secretariat

Progress Update

Implementation/Actions	Specific Progress	Responsible agency	Linkage to the 8th NSEDP M&E Framework (Draft)
13.1 Development of the Vientiane Declaration on Partnership for Effective Development Cooperation Country Action Plan (VDCAP)	To be done in 2016	DIC/MPI and VDCAP Secretariat	To be determined
13.2 Preparation of the annual VDCAP implementation report.	VD I Desk Review (2016-2015) done and the first VD (II) CAP will be done in 2017.	DIC/MPI and VDCAP Secretariat	To be determined
13.3 A revision of the TOR and a preparation of detailed work plan of the VDCAP Secretariat.	TOR of the VDCAP Secretariat has been updated as part of the formulation of the VD II	DIC/MPI and VDCAP Secretariat	To be determined
13.4 Allocation of adequate resources for the functionality of the VDCAP Secretariat (financial and human)	Aid Effective Division within DIC/MPI has been tasked as a key government division to lead the VDCAP Secretariat - capacity building and other associated work are on going	DIC/MPI and VDCAP Secretariat	To be determined

Discussion Point 14
(Statistical Capacity)

RTM 2014:

14. Enhancing statistical capacity to improve the timeliness, reliability, and access. It is also important to look beyond data collection and focus on the analysis of findings which is significant for ensuring effective cooperation. Also, encouraging the collection of gender disaggregated data can help better target initiatives that promote gender equality and women's empowerment.

RTM 2013:

16. Development partners encouraged the statistical agencies to improve data consistency and reliability and access to updated information.

Implementation/Actions

(What actions are needed to take forward the Discussion Points as identified by relevant Sector Working Groups)

- 14.1 Production of a National Indicator Guideline based on the 8th NSEDP M&E framework.
- 14.2 Preparation of an action plan for supporting the implementation of the Strategies for the development of the national statistical system (SDNSS 2010-2020)
- 14.3 Carrying out a User Statistic Satisfaction Survey
- 14.4 Preparation of a concept note on the institutional and organisational development at Line Ministries (LMs) to improve data collection and analysis.

Progress Update

Implementation/Actions	Specific Progress	Responsible agencies	Linkage to the 8th NSEDP M&E Framework (Draft)
14.1 Production of a National Indicator Guideline based on the 8 th NSEDP M&E framework.	8 th NSEDP M&E Framework has been prepared and subject to final approval at the later stage.	LSB & MPI	To be determined
14.2 Preparation of an action plan for supporting the implementation of the Strategies for the development of the national statistical system (SDNSS 2010-2020)	On going – more detailed information to be reported	LSB & MPI	To be determined
14.3 Carrying out a User Statistic Satisfaction Survey	On going – more detailed information to be reported	LSB & MPI	To be determined
14.4 Preparation of a concept note on the institutional and organisational development at Line Ministries (LMs) to improve data collection and analysis.	To be reported	LSB & MPI	To be determined